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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

HEARINGS BEFORE THE U.S. SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

EIGHTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO SENATE RESOLUTION 44, 86TH CONGRESS

MAY 5, 6, 7, AND 8, 1959

PART 51

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



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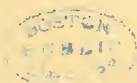
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INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, MAY 5, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adelman, assistant chief counsel; Paul J. Tierney, assistant counsel; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Ervin, and Goldwater.)

The CHAIRMAN. This morning the committee begins hearings on the New York Newspaper and Mail Deliverers Union.

This is an independent union representing some 4,500 drivers engaged in delivering newspapers and magazines in the Metropolitan New York City area, a radius of 50 miles. This membership comprises approximately 3,800 regular members, 200 extra or nonbook members who are employed irregularly, and 500 members on pension, making a total of some 4,500 members.

It is a democratic union with officers elected annually by secret ballot. These annual elections are supervised by the Honest Ballot Association and the members use voting machines. In addition, all contracts and all major activities must be approved by the vote of the rank and file members of the union. The union is said to be noted for the frequency with which its membership overrides the policies of its officers.

Historically, this union was established by the publishers themselves. In the period of at least the last decade, however, the union has become independent and is no longer controlled by the New York newspapers.

Besides officials of the New York Newspaper and Mail Deliverers Union, the hearing is also expected to involve some Teamster Union officials as well as officials of other unions in the New York City area.

During this hearing we will hear testimony from representatives of various newspaper publishing companies as well as some of the

wholesalers who handle the distribution of newspapers and magazines in the New York area.

The union deals principally with five groups in the New York area. These are the Newspaper Publishers Association, the Suburban News Dealers Association, Inc., the Evening Wholesalers Group, the Morning Wholesalers Group, and the Magazine Association Group.

Between 40 and 50 percent of the union members are employed by 37 wholesalers. These wholesalers purchase the newspapers or magazines from the publishers and resell them on the newsstands. The wholesaler's profit is obtained through the prices he pays for the newspapers. For instance, a morning newspaper may retail for 5 cents; the wholesaler may pay $3\frac{3}{4}$ cents for it and sell it to the newsstand for $4\frac{1}{2}$ cents. The latter, in turn, sells it to the public for 5 cents.

The bulk of the remaining union members, not covered by the wholesaler group, are employed by the New York Newspaper Publishers Association, which comprises the major New York City morning and afternoon papers, excluding trade papers and foreign language newspapers.

It is the committee's intention to inquire as to whether representatives of these newspaper association and wholesaler groups have made any payments to any officials of this union. In addition, the committee will also inquire as to whether, in the quest for labor peace, payments were made to any labor group in the New York area.

Are there any questions or any comments?

All right, Mr. Kennedy, call the first witness.

MR. KENNEDY. Mr. Theodore Thackrey.

THE CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. THACKREY. I do.

TESTIMONY OF THEODORE THACKREY

THE CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

MR. THACKREY. My name is Theodore Thackrey, and I live at 307 East 44th Street, in New York City, and I am employed by a public relations consulting firm in New York City, at 130 East 59th Street.

THE CHAIRMAN. Is that firm Ruder & Finn, Inc.?

MR. THACKREY. That is correct.

THE CHAIRMAN. Do you waive counsel, Mr. Thackrey?

MR. THACKREY. I do.

THE CHAIRMAN. All right. Proceed, Mr. Kennedy.

MR. KENNEDY. Mr. Thackrey, you were the former publisher and president of the newspaper known as the New York Daily Compass; is that right?

MR. THACKREY. That is correct.

MR. KENNEDY. They began publication on May 16, 1949?

MR. THACKREY. That is right.

MR. KENNEDY. And discontinued in the fall of 1952; is that right?

MR. THACKREY. In 1952; that is right.

Mr. KENNEDY. And it was established principally through your own efforts?

Mr. THACKREY. Principally through my efforts; yes.

Mr. KENNEDY. By whom was it financed?

Mr. THACKREY. It was financed by several thousand stockholders, and the major stockholder was myself, and the chief financing came from Mrs. McCormack-Blaine, of Chicago.

Mr. KENNEDY. Prior to the initial publication date, had you made arrangements through the Metropolitan Newspaper Co. for the distribution of the Compass in Manhattan?

Mr. THACKREY. The Metropolitan News Co. and some 16 other distributors; the Metropolitan News Co. was the prime distributor in Manhattan.

Mr. KENNEDY. And the arrangement called for them to pick up the newspapers at the dock of the Compass, and handle the delivery?

Mr. THACKREY. We made an effort to get them to agree to pick up newspapers at the dock. However, we found that none of the distributors could pick up the newspapers directly from the docks of the Compass because their union contracts forbade that particular activity.

We also discovered that we must use the services of the Newspaper and Mail Deliverers Association in order to make our deliveries to the Metropolitan News Co.

Mr. KENNEDY. When you say Newspaper Deliverers Association, what do you mean? Do you mean the union?

Mr. THACKREY. I mean the union.

Mr. KENNEDY. The Mail Deliverers Union?

Mr. THACKREY. That is correct.

Mr. KENNEDY. Why couldn't the wholesaler, Metropolitan News Co., pick up the newspapers at the dock?

Mr. THACKREY. It is my understanding that their contracts with the union prevented them from doing so, and from receiving newspaper deliveries from any except the Newspaper and Mail Deliverers Union.

Mr. KENNEDY. So what is it that was required of you?

Mr. THACKREY. Among other things, we needed a contract with the Mail Deliverers Union in order to deliver papers from our dock to the Metropolitan News Co., which in turn made deliveries to other news distributors for us.

Mr. KENNEDY. Did you proceed to make such a contract?

Mr. THACKREY. We did.

Mr. KENNEDY. Did you have any difficulty making the contract?

Mr. THACKREY. We had some difficulty. Our early negotiations developed insistence by the union that we institute, as I recall it, some approximately 30 direct delivery routes.

Most of the morning newspapers at that time, and all, I think, of the evening newspapers, made direct deliveries with trucks manned by members of the union to various newsstands in the city. Most of them also had supplemental deliveries by Metropolitan and other distributors. We had determined in a publishing program that we did not include direct delivery by us to any newsstand or news outlet.

Previous newspapers published from the same plant from which we operated, operated from 30 to some 40 to 45 direct delivery routes. The union felt that we should institute the same routes, which would

have involved employing some 60 men, drivers and helpers, and we were economically unable to do so, and found time was getting short if we were not able to come to an agreement to hire deliverers only to take a truck from our papers to Metropolitan alone.

The union felt that we must have a direct delivery of some kind and the last figure I recall was that we should institute direct delivery to about 30 stands.

Mr. KENNEDY. Then this was a major problem for you.

Mr. THACKREY. It was a major problem.

Mr. KENNEDY. Did you search around to get some solution to the problem?

Mr. THACKREY. Yes.

Mr. KENNEDY. Did you talk to some individuals who made some suggestions to you?

Mr. THACKREY. I talked to a number. Among them was James Gettleson, who had been circulation director at the time when I was the editor and associate publisher of the Post in New York.

Mr. KENNEDY. Had you tried prior to that to get ahold of the union?

Mr. THACKREY. I tried to. We had some meetings in the period of 2 weeks to 15 days prior to our date of publication. The last meeting we had we seemed to be at an impasse. After that time I made a phone call or two to the union headquarters but not successfully.

Mr. KENNEDY. So then you got in touch with Mr. Gettleson and you discussed with him your problem, did you?

Mr. THACKREY. That is right.

Mr. KENNEDY. And what did he suggest?

Mr. THACKREY. He said he knew of a man who was reputed to have considerable influence with the union, and he was a somewhat difficult man to deal with, and he didn't recommend particularly that I deal with him, but if I was in great trouble and wanted to talk with him, he would be glad to see if he could get in touch with him and ask him to call me.

Mr. KENNEDY. Did he identify who that individual was?

Mr. THACKREY. Yes. He said his name was Irving Bitz.

Mr. KENNEDY. Did you then get in touch with Mr. Bitz?

Mr. THACKREY. Mr. Bitz called me and I made an appointment with him and met him and talked with him.

Mr. KENNEDY. Did you know who Mr. Bitz was at the time?

Mr. THACKREY. Only in the most general way. There was a description of him by Mr. Gettleson.

Mr. KENNEDY. Did you know of his background?

Mr. THACKREY. Something of his background.

Mr. KENNEDY. What did you know of his background?

Mr. THACKREY. I knew that he had been under arrest several times, and I believe on a charge of homicide, which was dismissed. I understood that he had a considerable reputation for dealing with various difficult union situations. Most of that reputation was revealed to me by Mr. Gettleson and one or two others.

The CHAIRMAN. That is this fellow Bitz?

Mr. THACKREY. That is correct.

Mr. KENNEDY. Did you understand or know that he also had been convicted a number of times as well as having been under arrest?

Mr. THACKERY. No, I wasn't aware of his convictions. I knew he had been arrested a number of times.

Mr. KENNEDY. And associated with the underworld; did you understand that?

Mr. THACKERY. It was my understanding.

Mr. KENNEDY. So he called you and you met with him then?

Mr. THACKERY. That is correct.

Mr. KENNEDY. Would you relate to the committee what happened at the meeting?

Mr. THACKERY. I told him our circumstances, and he said, "Well, I can deliver a contract for you. I will take a contract to get you a contract, but it will cost you."

I asked him how much it would be, and he named various figures, and he finally settled on the figure of \$10,000, which he said was the minimum he could take in order to take on a contract to get us a contract that would be satisfactory to us.

The CHAIRMAN. He started off with a higher fee?

Mr. THACKERY. He started off with a higher fee, and he started off with, I believe it was \$20,000, and then \$15,000, and finally he said, "At \$10,000 I can't make any money, and I can't have anything left over for myself, and I have got to have 10 or it is no deal."

Mr. KENNEDY. Did you agree to pay him the \$10,000?

Mr. THACKERY. I did.

Mr. KENNEDY. Was that in the form of a check or by cash?

Mr. THACKERY. When we reached our agreement, he said that there is another thing, "I can't have any checks or anything like that, and this has got to be in cash."

I said, "Well, don't tell me it has got to be in \$5 dollar bills."

He said, "No, that is no problem. But it has to be in cash."

Mr. KENNEDY. Did he say he had to pass some of this money on to other individuals?

Mr. THACKERY. He strongly indicated so, and he said, "At this rate I wouldn't make any money at all; you ought to get this ante up somewhere, somehow. I have got to make some money myself out of this."

The CHAIRMAN. Did you believe that statement, that he wouldn't make anything out of it on a \$10,000 basis?

Mr. THACKERY. It didn't seem reasonable to me.

The CHAIRMAN. It doesn't to me either. Go ahead.

Mr. KENNEDY. Did you agree at that first meeting to make the payment of \$10,000 in cash?

Mr. THACKERY. I did.

Mr. KENNEDY. And you went back then, and did you call Mr. Gettleson?

Mr. THACKERY. I called Jim and I said, "I have no idea what kind of a man I am dealing with here, really," and I said, "There is a little hitch here. He wants \$10,000 in cash, and he says he will give no receipt, and among other things that concerns me is that I will turn over \$10,000 and that will be that, and I still will be without a contract."

He said, "Well, my understanding is that if Bitz says he is taking a contract from you to get you a contract, you will get it. I don't think you need to worry about that part of it."

The CHAIRMAN. Who were you talking to at that time?

Mr. THACKERY. James Gettleson.

The CHAIRMAN. He is the one who recommended Bitz to you?

Mr. THACKERY. Well, perhaps that is a little strong, Senator, to say he recommended him. He is the one who advised him to call me.

The CHAIRMAN. He is the one that you went through, and he was the middleman between you and Bitz?

Mr. THACKERY. That is correct.

The CHAIRMAN. What was his position at that time?

Mr. THACKERY. He was then the circulation director of the New York Post, and a personal friend.

The CHAIRMAN. I see.

Mr. KENNEDY. You had formerly been what with the New York Post?

Mr. THACKERY. I had been formerly its editor and associate publisher and general manager.

Mr. KENNEDY. So you decided that you would pay Bitz the \$10,000 and you made arrangements to meet him again?

Mr. THACKERY. That is correct.

Mr. KENNEDY. You obtained the \$10,000?

Mr. THACKERY. That is correct.

Mr. KENNEDY. Where did you get the \$10,000 from?

Mr. THACKERY. I am not certain whether that came from a company check or from the sale of bonds which had been paid to the company for shares. I issued an order for it to the secretary-treasurer of the company, Bernard Goldstein, and on the same day received the money in cash in an envelope. I am not absolutely certain whether that was an issue by check or from the sale of bonds, or what.

Mr. KENNEDY. It was company money; is that correct?

Mr. THACKERY. Sir?

Mr. KENNEDY. It was company money?

Mr. THACKERY. I am not even absolutely sure that it was company money, Mr. Kennedy.

Mr. KENNEDY. You went to the treasurer, did you, of the company, to get the \$10,000?

Mr. THACKERY. That is correct.

Mr. KENNEDY. Where else would he get it other than the company money?

Mr. THACKERY. Some of those funds could have been my personal funds, and they were intermingled at that time with company funds. I sometimes advanced money to the company from my own account.

The CHAIRMAN. That would be a loan, if you advanced money to the company.

Mr. THACKERY. That is correct.

The CHAIRMAN. Then it became company money.

Mr. THACKERY. The eventual construction would be company money, sir; yes.

Mr. KENNEDY. Then did you go and visit with Mr. Bitz?

Mr. THACKERY. I did, and he met me outside the Compass Building, at Duane and Hudson Streets, in his own car, and I met him and paid him the \$10,000 in cash.

Mr. KENNEDY. You gave him the \$10,000 in cash?

Mr. THACKERY. I did. He counted it, and verified it, and put it in his pocket.

The CHAIRMAN. You gave him the money right at that point, or did you drive off somewhere?

Mr. THACKREY. We then drove to Brooklyn.

The CHAIRMAN. Did he take the money at that point?

Mr. THACKREY. Yes; he took the money at that point and put it in his pocket.

The CHAIRMAN. You gave it to him and sat in the car with him?

Mr. THACKREY. That is right.

Mr. KENNEDY. All right now. Did you get in the car with him?

Mr. THACKREY. I did.

Mr. KENNEDY. Will you tell us what happened, please?

Mr. THACKREY. We drove to Brooklyn and made a telephone call, and he stopped in front of the home of the man he described as Joseph Simons, the president of the union, and a man came out whom I subsequently identified as Simons, and by this time, when he made the phone call, I got in the back seat of the car, and Mr. Simons came out on the steps of the house, and I presume his home, and got in the car, and they began a conversation.

The opening words of the conversation I can't remember exactly, but I remember when Bitz said he had taken a contract to get me a contract with the union. He also suggested that Mr. Simons' asthma was troubling him unduly, and that he advised a trip to Miami.

At that point he suggested that perhaps I would not like to hear the rest of the conversation, and I think that he said, "You might want to walk around the block," which I did not do, but got out of the car and I walked about half a block away and smoked a cigarette and came back when Mr. Simons left the car and went into his house.

Mr. KENNEDY. What did you understand the statement by Mr. Bitz to Mr. Simons to mean, when he said that he should take a trip to Florida?

Mr. THACKREY. The only phrase that I overheard that might have a bearing on it or that seemed to me to have a bearing on it was to the effect that if Mr. Simons didn't care to go to Miami, he wasn't going anywhere.

Mr. KENNEDY. Meaning what? And what did you understand the context of that to be?

Mr. THACKREY. If the statement had been made to me, I would assume that I was being threatened.

The CHAIRMAN. What was the advantage, or what was the purpose of having him go to Florida?

Mr. THACKREY. I have no idea.

The CHAIRMAN. Just to get away from the transaction?

Mr. THACKREY. I have no idea about that.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Was it the idea that he had some money and that he could take a trip to Florida?

Mr. THACKREY. I really can't say. I would have to speculate about it.

Mr. KENNEDY. You got back in the car then?

Mr. THACKREY. I got back in the car, in the front seat, and we drove back to Manhattan.

Mr. KENNEDY. What did Mr. Bitz say about the meeting with Mr. Simons?

Mr. THACKREY. He said, "Well, we have three more to go, and I am not going to come out of this with any money, and you ought to get up something for me out of this."

He said, "This is too tough." Then he told me, or we discussed various things, and he discussed the prospect of the future for his son, who was then about 8 or 10 years old, as I remember, and much of our discussion centered on his hope to be able to enter his son in West Point, and part of it was his fear of going home, and he said he promised his wife to paint the back porch and hadn't done it, and he didn't think that he would go home at all.

Mr. KENNEDY. What is that?

Mr. THACKREY. He promised his wife that he would paint the back porch, and he had failed to do it, and therefore he thought that he would say in town for that night, and meanwhile he had some other people to see, and did I want to go with him to see them, and I said, "No, thank you very much, I have had enough," and asked him to drop me at the subway, which he did, and I went on home.

Mr. KENNEDY. Who was Simons? I don't recall his identity.

Mr. THACKREY. Mr. Joseph Simons at that time was president of the Drivers Union.

Mr. KENNEDY. President of the union?

Mr. THACKREY. That is correct.

Mr. KENNEDY. That is the one you were trying to get a contract from?

Mr. THACKREY. Of the union we were trying to get a contract from; yes, sir.

Sometime after midnight I had a telephone call from Mr. Bitz.

He said, "It is all set; but you have got three routes."

I said, "I thought our contract was that all we needed was a truck to carry our papers from the dock to Metropolitan."

He said, "Well, that is just too tough. The contract you have got calls for three routes. You ought to be happy about it. Like I told you, couldn't you get up at least \$500 for me? I am not making any money."

I said, "I could not."

He said, "Well, I said I would take a contract, and that is it. You have got it, and don't worry about it."

Mr. KENNEDY. Did you get it? Did you have conversations with the union officials subsequently?

Mr. THACKREY. Within the next 2 or 3 days; yes, sir.

Mr. KENNEDY. Did they agree on this contract?

Mr. THACKREY. They did.

Mr. KENNEDY. And you signed it; is that correct?

Mr. THACKREY. That is correct.

Mr. KENNEDY. And you were in business?

Mr. THACKREY. We were in business.

The CHAIRMAN. How did you regard this transaction? You had been trying for how long to get in touch with the union to try to deal with them? How long had you been making an effort?

Mr. THACKREY. Not very long, Senator. We had had some meetings.

The CHAIRMAN. Give us some idea. "Very long" might mean a year in one instance, and might mean a couple of hours in another. Let us see what we were talking about.

Mr. THACKREY. Well, we had decided to publish the Compass only about 2½ months before its publication date.

The CHAIRMAN. How long after that or before you actually brought out your first issue did you realize that you were going to have a union contract for the delivery?

Mr. THACKREY. About 2 weeks, roughly, 2 to 2½ weeks.

The CHAIRMAN. In other words, for 2½ weeks before your contract with Bitz; is that right? You had been trying to get that?

Mr. THACKREY. That is right.

The CHAIRMAN. For 2½ weeks before you contacted Bitz, you had been trying to get this?

Mr. THACKREY. We had had some meetings, Senator, two or three as I recall it, and we were unable to reach an agreement.

The CHAIRMAN. Who is that?

Mr. THACKREY. Between the union and myself, representatives of the union.

The CHAIRMAN. You had been in touch with them, and you had been trying to get a contract?

Mr. THACKREY. That is right.

The CHAIRMAN. This same union representative?

Mr. THACKREY. That is correct.

The CHAIRMAN. And you were making no progress?

Mr. THACKREY. No progress.

The CHAIRMAN. And how did you happen to get to that stage? How did you happen to conceive the idea that this fellow Bitz could help you?

Mr. THACKREY. I didn't know what kind of help I might need or whether I could get any. In discussing my problem, I turned to Gettleson, who was my friend as well as a man who had worked for me.

The CHAIRMAN. When you had reached what looked like an impasse or you had made no progress, and realizing your publication date was rapidly approaching, you turned to your friend and asked his advice?

Mr. THACKREY. That is correct.

(At this point Senator Ervin withdrew from the hearing room.)

The CHAIRMAN. That is Gettleson?

Mr. THACKREY. Yes.

The CHAIRMAN. And it was out of that contact with him that you finally got in touch with Bitz?

Mr. THACKREY. Yes.

The CHAIRMAN. And it was he who first suggested Bitz to you?

Mr. THACKREY. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. Then you obtained a contract and you stayed in existence for about 2 years; is that right?

Mr. THACKREY. We had no difficulty with the contract or with the union from that point until we suspended publication.

Mr. KENNEDY. The Compass, editorially, was very critical of many situations here in the United States, as I remember; were they not?

Mr. THACKREY. Of some situations.

Mr. KENNEDY. Did you feel that making this kind of a payment was slightly hypocritical in view of the editorial policy of the Compass during this period of time?

Mr. THACKREY. That is correct.

The CHAIRMAN. Did you regard this just as a shakedown payment, or how did you regard it, from the standpoint of your company or your publication, and proper ethics? How did you regard this \$10,000 payment?

Mr. THACKREY. Well, Senator, I always had a hard time kidding myself. This is the kind of deal that I have heard described a good many times as a perfectly legitimate business deal in which special counsel or people with special persuasive powers are hired on a fee to get a job done. I regarded it as a shakedown, and I was very ashamed of my own part in it.

The CHAIRMAN. Upon reflection, you regarded it as a shakedown?

Mr. THACKREY. That is correct.

The CHAIRMAN. In fact, the man whose influence you purchased, or presumably purchased, did not have the reputation or stature of a man using ethical influence or influence in an ethical manner to obtain the results you desired; is that correct?

Mr. THACKREY. That is correct.

The CHAIRMAN. You regarded him as a hood, a kind of racketeer, and a muscle man?

Mr. THACKREY. I regarded it as the kind of transaction that I would not ask anybody else in my employ to undertake. I felt it was my responsibility and my decision and that I had better do it myself. In the ordinary transaction I would have turned it over to any one of my associates.

The CHAIRMAN. What is your conclusion about whether you would have ever received a contract except that you made a payoff like that?

Mr. THACKREY. At that time, and under those circumstances, I don't think that we would have received a contract we could have lived with.

The CHAIRMAN. You don't think that you could have gotten a contract that would have permitted you to operate?

Mr. THACKREY. Not on those terms.

The CHAIRMAN. Except on almost impossible terms?

Mr. THACKREY. That is correct.

The CHAIRMAN. This is a kind of a bad situation in American business and in our economy, when people undertake to go into a legitimate business and find that they need to resort to such payments and the employment of such characters in order to be able to make proper contracts associated with services that are incidental to the business which they are engaged in, isn't it? It is a kind of sad situation in our economy when such conditions prevail.

Now, do you think, and I am sure you agree, that for businessmen to yield to such pressure or to voluntarily seek such services and make such payments, it is a reflection upon management and business interests in this country, for those who do it? Is that correct?

Mr. THACKREY. I do. I think that is correct.

The CHAIRMAN. I am sure I haven't been very restrained in condemning what I regard as racketeering of some labor bosses and people who are in the position where they have a responsibility and an obligation to people who work in this country, to people who have to belong to unions in order to pursue a livelihood.

Now, I have been pretty severe in some of my judgment and criticism of those who misuse that trust. It seems to me that businessmen who resort to such tactics are not in a position to call the kettle black. Do you agree?

Mr. THACKREY. I agree.

The CHAIRMAN. All right. Proceed.

Senator GOLDWATER. Mr. Thackrey, you are now with Ruder & Finn?

Mr. THACKREY. Yes.

Senator GOLDWATER. Is that public relations?

Mr. THACKREY. That is correct.

Senator GOLDWATER. Does your firm or has your firm ever engaged in political campaigns?

Mr. THACKREY. If so, I am not aware of it. I am a fairly new employee in that organization, Senator.

Senator GOLDWATER. You know of no case of that kind?

Mr. THACKREY. I know of my own contacts, and that is all, my own accounts.

Mr. KENNEDY. Mr. Thackrey, we have interviewed Mr. Simon and he denies receiving this money or meeting with you at that time, and we are going to call him as a witness. Would you stand by, please?

Mr. Simon?

(Members of the select committee present at this point: Senators McClellan and Goldwater.)

The CHAIRMAN. Will you be sworn?

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SIMONS. I do.

TESTIMONY OF JOSEPH SIMONS, ACCOMPANIED BY COUNSEL, SAMUEL DUKER

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. SIMONS. Joseph Simons, S-i-m-o-n-s, 1815 East 29th Street.

The CHAIRMAN. What is your business or occupation, Mr. Simons?

Mr. SIMONS. Newspaper driver.

The CHAIRMAN. You are head of the Newspaper Drivers Union?

Mr. SIMONS. Newspaper Drivers Union; yes; employed by the Daily News.

The CHAIRMAN. You are employed by the Daily News?

Mr. SIMONS. Yes, sir.

The CHAIRMAN. You have counsel present, Mr. Simons?

Mr. SIMONS. Yes, sir.

The CHAIRMAN. Mr. Counsel, identify yourself for the record.

Mr. DUKER. Samuel Duker, D-u-k-e-r, 11 West 42d Street, New York.

The CHAIRMAN. Thank you very much.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Simons, you were formerly president of the Newspaper and Mail Deliverers Union?

Mr. SIMONS. For several years.

Mr. KENNEDY. During what period of time?

Mr. SIMONS. On and off, sir, and I haven't got the records.

Mr. KENNEDY. You were president, however, in 1949; is that right?

Mr. SIMONS. I would say to the best of my recollection, yes.

Mr. KENNEDY. Now, Mr. Thackrey has just testified, Mr. Simons, that in order to obtain a contract he made a \$10,000 payoff through Mr. Irving Bitz; and that shortly after the \$10,000 in cash had been paid, Mr. Bitz took him in his automobile and visited you; and that you then got into the automobile and had some conversations with both Mr. Bitz and Mr. Thackrey; is that correct?

Mr. SIMONS. What year was that you are talking about?

Mr. KENNEDY. In 1949.

Mr. SIMONS. Well, listening to whatever little I got from Mr. Thackrey, I—

The CHAIRMAN. Counsel, you may move your chair up closer if you wish.

(The witness conferred with his counsel.)

Mr. SIMONS. I am really confused, and listening to such testimony—

Mr. KENNEDY. Just answer the question.

Mr. SIMONS. Well, it is confusing to me and this is a brand new thing and I am very much disturbed about it.

(The witness conferred with his counsel.)

Mr. SIMONS. I refuse to answer the question, and it may incriminate me.

The CHAIRMAN. Is that because of your confusion?

Mr. SIMONS. Well, Senator, I will be frank to tell you this is so fantastic to me that I don't want to say something that might confuse me.

The CHAIRMAN. I wouldn't want you to get confused. Is what has been testified to here absolutely correct?

Mr. SIMONS. Ten years is a long time.

The CHAIRMAN. Just a moment.

Mr. SIMONS. And I feel that way.

(The witness conferred with his counsel.)

Mr. SIMONS. I refuse to answer on the ground it may incriminate me, but I beg your pardon, sir, counsel knows the situation 100 per cent on contracts, and I have not been president for a long while, and it is something different, and counsel can answer something that probably I wouldn't remember.

The CHAIRMAN. I expect so, but he can probably answer some things that you wouldn't know about, and you can probably answer some things that he wouldn't know about. But I would suggest to you, now, that you say you decline to answer instead of refuse, and you don't mean to show disrespect for the committee, I am sure.

Mr. SIMONS. I have the greatest respect for you, sir.

The CHAIRMAN. If you will just say then, "I respectfully decline to answer on the ground of the fifth amendment," or something to indicate just what you mean.

Now, then, I do want to ask you two or three questions in this regard. You talked to the members of the staff of the committee here a number of times, didn't you?

Mr. SIMONS. I talked to who?

The CHAIRMAN. Members of the staff of the committee, Mr. Alderman and others, and you know Mr. Alderman and you talked to him a number of times, didn't you?

Mr. SIMONS. No. I was called to the office in New York one time.

The CHAIRMAN. You just talked to him one time; is that correct?

Mr. SIMONS. That is correct.

The CHAIRMAN. At that time you told him that you had not, and also, as late as this morning I believe you talked to him again.

Mr. SIMONS. That is correct.

The CHAIRMAN. You told him that you had not received any money and so forth, didn't you, at those times?

Mr. SIMONS. Well, I did tell him that, sir.

The CHAIRMAN. Well, were you telling him the truth then? You are under oath now, of course.

Mr. SIMONS. That is right.

(The witness conferred with his counsel.)

Mr. SIMONS. I refuse to answer any further questions on that, because it may incriminate me.

The CHAIRMAN. That leaves us in a pretty awkward situation. That leaves us a pretty kettle of fish here. You have been denying all of the time until you got under oath that anything like this happened. That is even as late as this morning. Now you come here, and we get under oath, and you say you can't answer the question because a truthful answer thereto might tend to incriminate you.

Do you want to straighten us out on that any?

(The witness conferred with his counsel.)

Mr. SIMONS. Counsel has advised me even a truthful answer may incriminate me.

The CHAIRMAN. I am sure you and the counsel know more about that than I do, and I just wanted to point out here, in the course of our trying to investigate through the staff, to ascertain whether there was any truth to Mr. Thackrey's statement, he had been telling us through the staff about this transaction, paying off \$10,000, and this fellow giving it partly to you and telling you you had better take a trip to Florida. He has testified to that under oath.

Now we call you in here and you have been denying it all of the time; but when you get up here on the witness stand under oath, you take the fifth amendment. Now, that is the way you want to leave it?

Mr. SIMONS. The reason why I take that is because I listened to his testimony, which is so fantastic to me that I am confused, and I take the fifth amendment because I might incriminate myself, of all of the things he said. That is the point.

The CHAIRMAN. You realize that you are leaving the record pretty much confused by taking the fifth amendment, don't you?

Mr. SIMONS. I can't answer that.

The CHAIRMAN. You just can't answer any more?

Mr. SIMONS. That is correct.

The CHAIRMAN. Do you honestly believe if you answered the question truthfully—and I will ask the question: Did Mr. Bitz contact you with reference to the union granting a contract to the Compass, the New York Daily Compass, some time in 1949?

Mr. SIMONS. I refuse to answer; it may incriminate me.

The CHAIRMAN. Do you honestly believe if you answered that question truthfully that a truthful answer might tend to incriminate you?

Mr. SIMONS. That is correct, sir.

The CHAIRMAN. All right.

Did you know anything about \$10,000 having been paid by Mr. Thackrey to Mr. Bitz to secure a union contract for the Daily Compass? Did you know anything about that?

Mr. SIMONS. The same thing.

The CHAIRMAN. The same thing what?

Mr. SIMONS. The same thing as I said before—it may incriminate me.

The CHAIRMAN. It might incriminate you if you answered that?

Mr. SIMONS. That is correct.

The CHAIRMAN. Do you honestly believe that a truthful answer might incriminate you? Do you honestly believe that?

Mr. SIMONS. I don't understand this whole thing.

The CHAIRMAN. You know what honesty means, don't you?

Mr. SIMONS. I know what honesty means.

The CHAIRMAN. Do you honestly believe if you gave a truthful answer to that question that the truth might tend to incriminate you?

Mr. SIMONS. Back in my same argument, the whole thing to me, with Mr. Thackrey here, what he says, is fantastic.

The CHAIRMAN. Sometimes the truth is fantastic.

Mr. SIMONS. Well, I think he is not telling the truth, as far as I am concerned.

The CHAIRMAN. You don't think that he is?

Mr. SIMONS. That is correct, sir.

The CHAIRMAN. Is he telling the truth?

Mr. SIMONS. I beg your pardon.

The CHAIRMAN. Is he telling the truth?

Mr. SIMONS. I wouldn't know.

The CHAIRMAN. You know so far as you are concerned.

Mr. SIMONS. As far as I am concerned, for myself personally, I take the fifth amendment; that is correct.

The CHAIRMAN. All right, you take the fifth.

Are there any further questions?

Mr. KENNEDY. There was just an election, was there not, in the Mail Deliverers Union?

Mr. SIMONS. Recently; yes, sir.

Mr. KENNEDY. And did you run for president?

Mr. SIMONS. That is correct.

Mr. KENNEDY. But you were defeated; is that right?

Mr. SIMONS. That is correct.

Mr. KENNEDY. You came in No. 2?

Mr. SIMONS. That is correct.

Mr. KENNEDY. Just so there won't be any confusion on this, this is a very simple question that I have to ask you.

Did you receive any money in connection with the contract that was signed with the Compass in 1949? Did you? That is very simple.

Mr. SIMONS. I said before, it is fantastic.

Mr. KENNEDY. Oh, no. Just tell me. And it is not confusing.

Mr. SIMONS. I received no money in 1949 or any other day.

Mr. KENNEDY. You did not receive any money?

Mr. SIMONS. I had no dealings with anybody.

Mr. KENNEDY. Did you receive any money from Mr. Bitz?

Mr. SIMONS. Mr. Bitz or anybody else, in all of my dealings as president of the union, and I can prove that.

Mr. KENNEDY. All right, then prove it.

Mr. SIMONS. On every contract—

Mr. KENNEDY. Then you don't take the fifth?

Mr. SIMONS. If you will listen, Mr. Kennedy, I am trying to get myself straightened out here. Maybe you people have me confused by this man here.

Every contract that this union makes must be brought before the membership, the executive board, and a written contract must be ratified. Whether president or any other person, he couldn't deliver a contract if he wanted to without the general membership OK'ing the contract.

Mr. KENNEDY. I understand that.

Mr. SIMONS. That is correct, sir.

Mr. KENNEDY. These contracts, and we are not questioning these contracts of the Mail Deliverers Union with the various wholesalers and the newspapers in the city of New York, there isn't any question about that. But now that we have it straight, did you not receive any money as Mr. Thackrey has testified? You did not receive any money in connection with this?

Mr. SIMONS. I had no dealings with anybody in the Compass case other than going through the regular channels, as I so stated.

Mr. KENNEDY. Did you meet with Mr. Bitz and Mr. Thackrey in the automobile?

Mr. SIMONS. Definitely not.

Mr. KENNEDY. You did not?

Mr. SIMONS. No.

Mr. KENNEDY. You did not meet with them in the automobile?

Mr. SIMONS. Well, with Mr. Thackrey.

Mr. KENNEDY. With Mr. Thackrey and Mr. Bitz?

Mr. SIMONS. I don't recall meeting anybody.

Mr. KENNEDY. Did you? Is your testimony correct that you did not meet with them in the automobile?

Mr. SIMONS. I am confused.

Mr. KENNEDY. No; you are not confused and this is very simple.

Mr. SIMONS. I will take the fifth amendment on that, it might incriminate me, and it might incriminate me to say something, and so I take the fifth amendment.

Mr. KENNEDY. This isn't confusing.

Mr. SIMONS. Oh, yes, it is; to me it is.

Mr. KENNEDY. It is just a question, a very simple question in connection with your meetings with Mr. Bitz. Do you know Mr. Bitz?

Mr. DUKER. May I be heard?

The CHAIRMAN. You may address the Chair.

Mr. DUKER. Mr. Chairman, while I realize that it is only through the courtesy of the committee that Mr. Simons is represented by counsel, and I have no right to make objections, it seems to me that if a witness has asserted his constitutional rights it should not be the object of counsel for the committee to try to trap him into something which would be a violation of his assertion of constitutional rights.

The CHAIRMAN. Well, we are not trying to trap him. We are simply trying to get at the truth. The man, if he wants to just say he takes the fifth amendment and he honestly believes that any statement he might make would tend to incriminate him, that is one thing.

But in the course of the interrogation here he has given some answers, and, of course, as you know, that opens up the whole field. You know that.

Mr. DUKER. I wouldn't charge anyone with trying to entrap him, but to my provincial mind, it seemed that there was a tendency in that direction.

Mr. KENNEDY. I am just trying to get the record straight.

The CHAIRMAN. We have a pretty hard time getting the truth, and I think you can appreciate that.

Mr. DUKER. I will tell you something. Sitting there and listening to Mr. Thackrey testify under oath as to matters which were matters of public record, I would say that he was not telling the truth, not deliberately, but simply didn't know the facts.

The CHAIRMAN. Then your client probably knows the facts, and will you advise him to open up and tell the truth?

Mr. DUKER. I know the facts better than my client, on the points where I found Mr. Thackrey in error.

The CHAIRMAN. Do you want to be sworn and tell the truth?

Mr. DUKER. I don't object to testifying to anything.

The CHAIRMAN. If you will have him answer, then I will permit you to be sworn.

Mr. DUKER. Senator, it goes right back to what I said. I wasn't present at any of these so-called meetings.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. I just want to get straight about it.

The CHAIRMAN. Let him answer or take the fifth amendment.

Mr. KENNEDY. Did you know Mr. Bitz, Mr. Irving Bitz?

Mr. SIMONS. Yes.

Mr. KENNEDY. Did you know Mr. Bitz?

Mr. SIMONS. Yes, sir.

Mr. KENNEDY. Did you meet with him in connection with the contract?

Mr. SIMONS. It may incriminate me, and I refuse to answer.

Mr. KENNEDY. Did you meet with Mr. Bitz and Mr. Thackrey in connection with that?

Mr. SIMONS. I refuse to answer that it may incriminate me.

Mr. KENNEDY. Did you meet in an automobile with those two gentlemen?

Mr. SIMONS. I refuse to answer; it may incriminate me.

Mr. KENNEDY. Was there any discussion about you taking a trip to Florida?

Mr. SIMONS. I refuse to answer; it may incriminate me.

Mr. KENNEDY. Did you receive any money in connection with it?

Mr. SIMONS. I refuse to answer; it may incriminate me.

The CHAIRMAN. You have forgotten the admonition of the Chair. You would be in a little better position here if you respectfully decline to answer, instead of refusing, don't you think?

Mr. SIMONS. I refuse to answer, but first of all the lies that were told—

Mr. DUKER. I don't think that you made your point very clearly, and I will try to make it clear to him.

The CHAIRMAN. Let me try to run this end of it.

The Chair just simply suggests to you and now can you hear me?

Mr. SIMONS. That is a little better.

The CHAIRMAN. Is this still better?

Mr. SIMONS. Yes.

The CHAIRMAN. The Chair suggested to you a while ago, unless you wanted to show some disrespect to the committee that it would be better for you to say that you decline, and that you respectfully decline to answer on the ground of the fifth amendment, instead of saying you refuse to answer. It sounds a little better.

Mr. SIMONS. Well, you can understand how confused I am. I respectfully refuse to answer on the ground it may incriminate me.

The CHAIRMAN. As long as you respectfully refuse, I will let your refusal stand.

Mr. SIMONS. I respect you like you respect me, and it goes both ways, sir.

Mr. KENNEDY. Now, Mr. Chairman, I would like to call Mr. Mr. Thackrey around again just to make sure of the identification.

The CHAIRMAN. Let the record show that Mr. Thackrey is being recalled.

TESTIMONY OF THEODORE THACKREY—Resumed

Mr. KENNEDY. Let me ask, is this the gentleman whom you met in the automobile with Mr. Bitz?

Mr. THACKREY. Yes.

Mr. KENNEDY. There was discussion at that time about taking a trip to Florida, as you have testified?

Mr. THACKREY. That is correct, and Mr. Simons came from his home, sometime after dusk, and got in the front seat of the car with Mr. Bitz, and I sat in the back seat, and I left for perhaps 5 or 10 minutes.

Mr. KENNEDY. There is no question in your mind that this gentleman was the man that met with you?

Mr. THACKREY. We were parked in front of Mr. Simons' home in Brooklyn, and he came, I assume—this I don't know—Mr. Bitz made a telephone call which he told me was to Mr. Simons' home, and just before we drove to it from the drugstore 3 or 4 blocks away.

We parked in front of the house and Mr. Simons came out almost immediately and he got in the front of the car and had a conversation and I returned to the car and Mr. Simons left and went back into the house.

Mr. KENNEDY. There is no question about these facts?

Mr. THACKREY. No, Mr. Simons did come out of the house.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Are there any further questions of Mr. Simons?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Call the next witness.

Mr. SIMONS. The only question I would like to ask—

To answer this man here, I never met a more profound liar in all of the history of my life, period.

The CHAIRMAN. Now, since you are going to open up that angle, you may be able to answer some of these questions, and I am not going to sit here and let you show contempt for this committee.

Mr. SIMONS. I would like to get a little off my chest.

The CHAIRMAN. We will help you get it off your chest and I am going to give you time to answer these questions now and order you to answer them.

Mr. SIMONS. This man here—

The CHAIRMAN. Just a moment here. You wait until I get through.

Mr. SIMONS. I have been up on my feet.

The CHAIRMAN. You heard me, and I said wait.

All right, after all, I have shown you every courtesy here this morning and—

Mr. SIMONS. I respect you sir, and it got under my skin, and—

The CHAIRMAN. You are getting under my skin right at the moment.

Mr. SIMONS. I am human, too, and I don't want anybody trying to—

The CHAIRMAN. Will you make a complete record of this, and I am warning you now that you can be cited for contempt.

Mr. SIMONS. I apologize to you, sir.

The CHAIRMAN. Now, you apologize and show your apology by hushing a moment, will you?

Mr. SIMONS. All right, sir.

The CHAIRMAN. Ask him those questions again, and I am going to order you to answer them now, and you want to take this attitude. Ask him the questions.

Mr. KENNEDY. Mr. Thackrey has testified that he met with you and Mr. Bitz in an automobile outside of your home in Brooklyn in 1949 in connection with the contract of the Compass newspaper; is that correct?

Mr. SIMONS. I will go back and say I respectfully decline to answer. It may incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee orders and directs you to answer the questions, since you want to say that the man who said it is a liar, and now I order and direct you to answer the question.

Mr. SIMONS. I respectfully decline to answer and it may incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. And that conversation in the automobile did you discuss or did Mr. Bitz discuss with you the fact that you should take a trip to Florida and get out of town?

Mr. SIMONS. I respectfully decline to answer that. It may incriminate me.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs the witness to answer the question, and these orders and directions continue until you leave the witness stand.

Mr. SIMONS. I respectfully refuse to answer on the ground it might incriminate me.

Mr. KENNEDY. Did you receive any money from Mr. Bitz?

Mr. SIMONS. I refuse to answer, or I respectfully refuse to answer, and it may incriminate me.

Mr. KENNEDY. That is all.

The CHAIRMAN. The Chair, with the permission of the committee, orders and directs you to answer the question. The orders and directions of the Chair will continue.

Mr. SIMONS. I respectfully decline to answer because it may incriminate me.

The CHAIRMAN. The order and direction of the Chair remains. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. The witness may stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Bitz.

The CHAIRMAN. You will remain here, and the witness is not excused for the day. You will remain here subject to being recalled.

Mr. Bitz, you do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BITZ. I do.

TESTIMONY OF IRVING BITZ, ACCOMPANIED BY COUNSEL, LOUIS HAIMOFF

The CHAIRMAN. Please state your name and your place of residence and your business or occupation.

Mr. BITZ. Irving Bitz, 8 Bedford Drive, Long Island.

The CHAIRMAN. Do you have any occupation?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

The CHAIRMAN. Do you have counsel?

Mr. BITZ. I have, sir.

The CHAIRMAN. Mr. Counsel, identify yourself for the record.

Mr. HAIMOFF. Louis Haimoff, 501 Fifth Avenue, New York City.

The CHAIRMAN. Thank you very much.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Now, Mr. Bitz, you are vice president of the Bronx County News Co.; is that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Which is a magazine wholesaler distributing most of the major magazines in the Bronx County and all of the newspapers in New York. You have control over the distribution of the newspapers of New York, all except the New York Daily News; isn't that correct, Mr. Bitz? You make the deliveries in the Bronx County?

Mr. BITZ. I decline to answer that question on the ground that it might incriminate me.

Mr. KENNEDY. You are also secretary-treasurer of the Bi-County News Co., which is a magazine wholesaler distributing magazines in Nassau and Suffolk Counties; is that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. You are a member of the Newspaper and Mail Deliverers Union as well?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. You are also known as Morris Grossman and you were born on April 17, 1904, in Poland; is that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Isn't it correct that you are currently under deportation proceedings which were brought originally in 1953, as an undesirable alien because of your criminal activities, but you have escaped deportation as Poland refuses to take you?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Up until 1949 you were employed as an inspector for the New York Journal American; is that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. That was up until the time when you pled guilty to a lottery conspiracy charge; isn't that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Your partner was also in that conspiracy charge, Mr. Gordon; isn't that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. The other conspirators included Daniel Zwillman, who was a cousin of Longy Zwillman, and Anthony Strollo, also known as Tony Bender, as well as yourself and Gordon; isn't that right?

There was a policy racket involving the rigging of numbers assuring a minimum payoff and you entered a plea of guilty on January 10, 1950, and were sentenced to 6 months; isn't that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that that was the largest numbers racket case that has been brought in New York?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. You have been arrested five times on charges of narcotics violation, unlawful entry, petty larceny, and bail jumping, as well as the lottery conspiracy; is that right?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. And you were convicted of the narcotics charge and sentenced to 1 year and 1 day, petty larceny with a gun, and the bail jumping, being sentenced to 3 to 6 years, as well as the lottery conspiracy charge; isn't that correct?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

The CHAIRMAN. Is this man presently connected with a labor union?

Mr. KENNEDY. He is in the labor union, but he is presently one of the biggest operators in the New York area for the distribution of newspapers and magazines, and he is the gentleman that has been identified as the one to whom the \$10,000 was paid.

As we will see, he plays a very important role in the New York area, in connection with the distribution of newspapers and magazines. We haven't got all of that evidence in, but we expect to have it before the end of the hearing.

You also played a role as a go-between during the time of the Lindbergh kidnaping, did you not?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. We have already had some testimony, Mr. Chairman, regarding Mr. Bitz, in connection with the testimony of Merrill Hermanson, who testified in the New York paper local case, and testified that he was introduced to Johnny Dioguardi as a labor consultant by Irving Bitz.

Do you know Johnny Dioguardi, Mr. Bitz?

Mr. BITZ. I decline to answer that question on the ground it might incriminate me.

The CHAIRMAN. Does that show the connection between these folks up there, with manipulating this racket?

Mr. KENNEDY. It shows the strong role that the underworld has in this operation. Mr. Bitz, as will go into it, plays an important role; but, as the testimony of the first witness also shows, it was through Mr. Bitz that the Compass newspaper was able to obtain a contract with the union, when prior to the time when they made the \$10,000 payment to Mr. Bitz they had been unable to get one.

The CHAIRMAN. This testimony here this morning is not the first linking Mr. Bitz with some of this manipulation that has been going on, this racketeering in union affairs?

Mr. KENNEDY. Not at all.

The CHAIRMAN. He was the go-between in the Johnny Dio matter with the paper locals?

Mr. KENNEDY. Where a company having difficulty with a labor union went to Johnny Dioguardi as a labor relations consultant to get a contract, Mr. Bitz is the one that made the contact for Mr. Hermanson with Mr. Johnny Dioguardi, which then led to a favorable contract with the employer through the efforts of Johnny Dioguardi.

It shows the manipulations and maneuverings of some of these individuals who have these gangster connections, because Mr. Bitz, of course, has a serious criminal record of his own, as well as close ties with major criminal figures in the New York area.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. I want to ask him about the \$10,000.

Did you receive the \$10,000 from Mr. Thackrey, Mr. Bitz?

Mr. BITZ. I decline to answer that on the ground it might incriminate me.

The CHAIRMAN. Why do you think it would be incriminating?

Mr. BITZ. I decline to answer that on the ground it might incriminate me.

The CHAIRMAN. Do you think if you told the truth it might incriminate you?

Mr. BITZ. I decline to answer that question on the ground it might incriminate me.

The CHAIRMAN. I will ask you, do you honestly believe that if you gave a truthful answer to these questions that the truth might tend to incriminate you?

Mr. BITZ. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Do you know Mr. Joseph Simons, the former president of the Newspaper Handlers Union?

Mr. BITZ. I respectfully decline to answer that question on the ground it might incriminate me.

Mr. KENNEDY. Mr. Chairman, could I just call Mr. Tierney briefly to put in what Mr. Bitz receives from these various companies.

The CHAIRMAN. All right.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing out the truth, so help you God?

Mr. TIERNEY. I do.

TESTIMONY OF PAUL J. TIERNEY

The CHAIRMAN. State your name and your present business or occupation.

Mr. TIERNEY. My name is Paul J. Tierney, and I am assistant counsel for this committee.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. What does Mr. Bitz receive from his various companies? You made an investigation of this, did you?

Mr. TIERNEY. I have.

Mr. KENNEDY. Or people under your direction; is that right?

Mr. TIERNEY. Yes, sir.

Mr. KENNEDY. Do you have the information in connection with what moneys Mr. Bitz receives from the various companies?

Mr. TIERNEY. I do.

Mr. KENNEDY. Will you tell us that?

Mr. TIERNEY. He received a salary as vice president of Bronx County Newspaper Co., Bronx County News Co., a wholesale distributor of magazines in Bronx County, N.Y. As vice president he receives a salary of \$35,000 a year, and expenses of \$120 weekly, plus a car allowance of \$30 weekly.

He is also president of Bi-County Newspaper Corp., a wholesale distributor of magazines in Long Island, and Nassau and Suffolk Counties, for which he receives a salary of \$300 a week.

Mr. KENNEDY. And his partner is who?

Mr. TIERNEY. The three principal officers of Bronx County News, in addition to Irving Bitz, are Charles Gordon and Selig Goldberg. Charles Gordon receives a salary of \$35,000 annually, and Selig Goldberg a salary of \$32,000 annually. They each received an expense account of \$100 a week.

Mr. KENNEDY. This is from the company?

Mr. TIERNEY. Yes.

Mr. KENNEDY. I wanted to get these figures in the record. Would you give that also for the Bi-County News?

Mr. TIERNEY. The two officers of Bi-County News, in addition to Irving Bitz, are William Felio and Charles Gordon, each of whom received a salary of \$300 weekly and an expense allowance of \$30 a week.

The CHAIRMAN. All right. Are there any further questions?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Do you want to comment or deny any of these statements of the witness?

Mr. BITZ. I decline to answer on the ground it might incriminate me.

The CHAIRMAN. You can say yes or no to that; you can say whether you want to comment or not.

Mr. BITZ. I don't want to answer.

The CHAIRMAN. What is that?

Mr. BITZ. No, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. We are going to have some other testimony about this witness.

Mr. HAIMOFF. May I suggest this witness has made it clear that he does not intend to be a witness against himself in this proceeding, and so may I ask in the Senator's judgment if it would serve any useful legislative purpose to bring him back again and continue the same procedure?

The CHAIRMAN. I want him to be present; we might want to interrogate him further. Let him remain here for today, until such time as we can get through.

I don't know just what other testimony may develop, and maybe I would want to ask him a question.

Mr. HAIMOFF. We would appreciate your consideration.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. We mentioned the name of Mr. Fello, and I would like to call now two witnesses in connection with the activities of Mr. Fello.

This affidavit is from Mr. Bernard Goldstein, residing at Queens, N.Y., and it is sworn to on the 8th day of April 1959, and he states:

I was the assistant treasurer and controller of the New York Star, a newspaper which went out of business in 1949. At about that time, the Daily Compass was organized and I started to work for the Compass as assistant treasurer in 1949.

To the best of my recollection, just before the paper was to be first published, we ran into difficulties with the Newspaper Deliverers Union and we were given to understand that they would not permit the delivery of our newspaper to the distributors, such as the Metropolitan News Co.

I do not recall whether I had the power to sign checks at that time, or whether Mr. William Peyton Marin, who was treasurer of the company at that time, had that power.

However, I do recall that there were same discussions relative to paying off the union officials. It is also my recollection that the amount was in the neighborhood of \$10,000 and it is my recollection that this amount was withdrawn from one of the bank accounts of the Compass in cash and that the cash was given to Mr. Theodore Thackrey, who I believe paid off the union officials. The transaction took place in 1949.

The Compass liquidated its business either at the end of 1952 or early 1953, at which time the books and records, including the check books and check stubs, canceled checks, et cetera, were stored in the AAAAAAA American City Wide Express Service, located at 1135 Tiffany Street, Bronx. The storage charges were prepaid for a period of 2 or 3 years. I recall that at the end of this period I re-

ceived either a telephone call or a letter from the storage warehouse stating that if further charges were not paid, the papers would be destroyed. Since the company was liquidated and there was no money available for further storage charges, I so informed the storage company and it is my belief that the records were destroyed.

I have been advised that the above statement will be used in a public hearing before the Senate select committee and that the statements contained herein are true to the best of my knowledge and belief.

BERNARD GOLDSTEIN.

Sworn to before me this 8th day of April 1959, New York City.

ROBERT J. COFINI,

Notary Public, State of New York, No. 60-5732650, Qualified in Westchester County, Certificate filed in New York County.

Commission expires March 30, 1960.

Mr. Alan Hathaway and Mr. Robert Greene.

(At this point Senator Goldwater left the hearing room and Senator Ervin entered the hearing room.)

The CHAIRMAN. Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HATHAWAY. I do.

Mr. GREENE. I do.

TESTIMONY OF ALAN HATHAWAY AND ROBERT W. GREENE

The CHAIRMAN. Beginning on my left, will you state your name, your place of residence, and your business or occupation, please, sir.

Mr. GREENE. My name is Robert W. Greene, 4 Ardmore Place, Kings Park, Long Island, N.Y. I am a reporter employed by Newsday, a newspaper in Garden City, New York.

The CHAIRMAN. Thank you very much.

And will you please state your name, your place of residence, and your business or occupation, please, sir.

Mr. HATHAWAY. Alan Hathaway, 44 Dog Leg Lane, Rosslyn Heights, Long Island. Managing editor of Newsday.

The CHAIRMAN. Do you gentlemen waive counsel?

Mr. GREENE. Yes, sir.

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Hathaway, from 1940 until December 5, 1958, the Rockaway News Co. handled all deliveries of Newsday; is that correct?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. And Rockaway News had a collective bargaining agreement with the Newspaper and Mail Deliverers?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. And Newsday had no direct contract with them?

Mr. HATHAWAY. No.

Mr. KENNEDY. Now, on December 5, 1958, Newsday was advised that members of the Newspaper and Mail Deliverers Union would refuse to work for Rockaway; is that correct?

Mr. HATHAWAY. We were advised late on the night of December 4 that the drivers would not on the following day deliver as they customarily had.

Mr. KENNEDY. For what reason was that?

Mr. HATHAWAY. Because of the difference between the union and Rockaway.

The CHAIRMAN. What is that? Because of what?

Mr. HATHAWAY. Because of the difference the union and Rockaway News.

Mr. KENNEDY. Was Rockaway in financial difficulties at the time?

Mr. HATHAWAY. I believe they were.

Mr. KENNEDY. And did they subsequently go bankrupt?

Mr. HATHAWAY. Yes, sir; they have gone bankrupt.

Mr. KENNEDY. They had handled all of your deliveries up until that time?

Mr. HATHAWAY. They had.

Mr. KENNEDY. And then they got into financial difficulties, and difficulties with the union, and they were notified by the union that the union would no longer handle the newspapers?

Mr. HATHAWAY. It was a notification to the company; we were not notified. We were told, and not officially notified, by a union member.

Mr. KENNEDY. What steps did you take then to deliver your newspapers?

Mr. HATHAWAY. We sent our circulation department supervisory personnel to the garage which housed the Hertz trucks, which were rented by Rockaway, and had been rented by them and had them drive those trucks to our office approximately 2 hours earlier than our normal schedule, and we also stepped up our press run 2 hours to avoid any difficulties we might have. We had previously suffered because of difficulties between Rockaway and this union.

Mr. KENNEDY. So you got the Hertz rental trucks that they had formerly used to deliver your newspapers?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. And that continued for how long?

Mr. HATHAWAY. That continued until about December 29.

Mr. KENNEDY. On the morning of December 5, 1958, did a committee of union officials come to see you?

Mr. HATHAWAY. Three union officials, Joe Baer, John Lawrence, Jr., and Harry Waltzer, appeared at Newsday, approximately at 7 o'clock, which would have been 30 minutes before our normal press time. As I recall, Waltzer was a little late, and Baer and Lawrence were the first to arrive, and asked to see John Mullin, our circulation director.

As a matter of courtesy and specifically stated not to negotiate, the executive staff present and our counsel met with them.

Mr. KENNEDY. Would you relate briefly what happened at that meeting? What did they want?

Mr. HATHAWAY. Baer opened the conversation by saying that "they are here to negotiate a contract with you." We informed him that we had a contract with Rockaway and we still did have a contract with Rockaway, which was not then in bankruptcy, and we had had no formal notification from anyone that Rockaway could not or should not deliver our papers as they had.

Mr. KENNEDY. They wanted to sign a contract directly with you?

Mr. HATHAWAY. Then and there, on the spot.

Mr. KENNEDY. And you told them that you had this contract?

Mr. HATHAWAY. That is right.

Mr. KENNEDY. They left the meeting then?

Mr. HATHAWAY. There was further conversation during the meeting, and Baer said, and Waltzer also said, "We will not do business with Rockaway. We want to do business directly with you." And we told them that there was no situation that existed that permitted any conversation that would be tantamount to negotiation.

Mr. KENNEDY. Did you have any employees who were in the union at that time?

Mr. HATHAWAY. No, sir; we did not.

Mr. KENNEDY. Nevertheless they wanted to sign a contract directly with you?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. After they left the meeting on that same day, was a picketline placed in front of your newspaper?

Mr. HATHAWAY. It was.

Mr. KENNEDY. Would you relate what happened then? Did you receive further contact from them asking for a contract directly with you?

Mr. HATHAWAY. We did not receive further direct contact from the union aside from the existence of the picket line that was outside. We did receive contact from wholesalers. We received continuing contact from Rockaway, who kept telling us that they would have everything straightened out. We received contact from Woodhaven News Co., which is headed by Alex Feldman.

Mr. KENNEDY. Just relate what happened. Did you try to get them or was there some discussions about having them handle the deliveries for you?

Mr. HATHAWAY. We left that in their hands, and it was their problem to make their peace with the union, and we were not in a position to negotiate with the union.

Mr. KENNEDY. Were you notified that the union wouldn't allow anybody to handle this for you?

Mr. HATHAWAY. We were notified orally at various times.

Mr. KENNEDY. That the union wouldn't allow the Woodhaven News or anybody else or any other wholesaler to handle your newspapers; is that right?

Mr. HATHAWAY. That is right.

Mr. KENNEDY. They wanted you to handle the newspapers yourself and make a contract with them directly?

Mr. HATHAWAY. That is right.

Mr. KENNEDY. And not go through an intermediary or wholesaler; is that correct?

Mr. HATHAWAY. That is right.

Mr. KENNEDY. They wouldn't allow you to go through a wholesaler?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. They wanted to make the contract directly with you?

Mr. HATHAWAY. That is right. There was a subsequent conversation between the president of Newsday, the circulation director, and counsel for Newsday, who is present here today, with Sam Feldman, president of the union. I cannot testify as to this because I was not present at the meeting.

Mr. KENNEDY. But from what you learned, either directly or indirectly, it was acknowledged and understood that the union wanted to make a contract directly with your newspapers?

Mr. HATHAWAY. Yes, that is correct. Waltzer or Baer said, "This is our goal and aim."

Mr. KENNEDY. What is the reason that the union wanted to make a contract directly rather than through the wholesalers?

Mr. HATHAWAY. We believed that the union feels it would have more direct control over the operations of a newspaper and can on far less pretext stop deliveries of the newspaper than it can when it works through a wholesaler or wholesale association.

Mr. KENNEDY. Finally, on December 29, 1958, and not being able to solve the difficulties and not being able to go through a wholesaler and not wishing to deal directly with the union because you had no employees that could be covered by such a contract, you then made a contract with Libco, Inc., to handle the wholesale operations; is that right?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. And they were a nonunion company; is that correct?

Mr. HATHAWAY. As far as we knew, they were nonunion, and we were not assured at that time whether the individual drivers were running their own trucks under the overall operation of Libco, Inc., at that point or later, or whether they hired all nonunion drivers.

Mr. KENNEDY. But you made a contract with them at that time?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. Then did acts of violence begin, as far as you were concerned?

Mr. HATHAWAY. Acts of violence began immediately.

Mr. KENNEDY. Would you relate what happened?

Mr. HATHAWAY. Within a matter of half an hour or an hour after the trucks began to roll, cars of drivers and deliverers union began to assemble across the street from Newsday. They started following our trucks. We arranged all of the protection we could for the men who were driving those trucks.

On the return trip, in the early afternoon, two of the trucks stopped at a gas station, approximately one mile from Newsday, to refuel before coming back to the plant where we were going to park the trucks under guard at night, and four men jumped out of a car and approached the drivers and menaced them with icepicks, and slashed the tires of two of these trucks.

The CHAIRMAN. Were they ever prosecuted?

Mr. HATHAWAY. They are now under indictment, sir.

The CHAIRMAN. For that act?

Mr. HATHAWAY. Yes.

Mr. KENNEDY. They include Joseph Baer, Waltzer, and Lawrence, Jr.; is that right?

Mr. HATHAWAY. Not Waltzer; no.

Mr. KENNEDY. Just Baer and Lawrence, Jr.?

Mr. HATHAWAY. Baer, Lehman, Lawrence, Jr., and a driver named Hollahan, who is not an officer; and the other three are officers of the union.

The CHAIRMAN. That is two of the men who came to negotiate the contract about whom you have testified?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. Now, on December 30, 1958, you obtained a restraining order from the court prohibiting further picketing by the union?

Mr. HATHAWAY. That is correct.

Mr. KENNEDY. You haven't had picketing since that time?

Mr. HATHAWAY. No, sir.

Mr. KENNEDY. We have some documents here that I would like to have identified, please.

The CHAIRMAN. Mr. Hathaway, I hand you here what purports to be a circular or document, "Union Picket Signs Versus Newsday Shotgun." That is the title of it. I will hand that to you and ask you to identify it. It appears to be a photostatic copy of the document.

(The document was handed to the witness.)

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. Do you identify it?

Mr. HATHAWAY. I do, Senator.

The CHAIRMAN. What is it?

Mr. HATHAWAY. This is a throwaway published by and distributed by the Mail Deliverers Union to newsdealers, particularly, in what we felt sure was a mass attempt to intimidate newsdealers and stop them from handling Newsday.

The CHAIRMAN. That was distributed during the time of this controversy?

Mr. HATHAWAY. Yes, sir, on December 5, I believe.

The CHAIRMAN. Those were distributed on December 5?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. It may be made Exhibit No. 1.

(Document referred to was marked "Exhibit No. 1" for reference and will be found in the appendix on p. 18326.)

The CHAIRMAN. Now, I hand you here what purports to be a copy of a letter dated January 5, 1959, written on the stationery of O'Donnell & Schwartz, attorneys, and ask you to examine this photostatic copy and state if you identify it.

(The document was handed to the witness.)

Mr. HATHAWAY. Yes, I do identify this.

The CHAIRMAN. It is a photostatic copy of a letter of that date?

Mr. HATHAWAY. Which was delivered by certified mail, return receipt requested.

The CHAIRMAN. To whom was it delivered?

Mr. HATHAWAY. This was delivered to our business manager, Harold Ferguson, and it was addressed just to Newsday, but he was the officer of the company who received it.

The CHAIRMAN. The letter is authentic?

Mr. HATHAWAY. That is correct, sir.

The CHAIRMAN. And it may be made exhibit No. 2.

(Document referred to was marked "Exhibit No. 2" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Could I have the exhibit here, for further reference, please?

(The document was handed to the Chair.)

Mr. KENNEDY. May I read some excerpts from this, please? This is exhibit No. 1, which refers to the shotguns, and signed "Newspaper

and Mail Deliverers Union of New York and Vicinity," and it states in here, Mr. Chairman, very clearly, the point of Mr. Hathaway's testimony, and it says:

We feel very strongly that we shall not and will not work for any employer whom Newsday wishes to choose as a successor to Rockaway News Supply Co.

The CHAIRMAN. What was the purpose of that? What is your understanding of that? Was it to force you to make a direct contract?

Mr. HATHAWAY. To force us to make a direct contract which we had never at any time had.

The CHAIRMAN. You had had contracts with those who actually did the service for you.

Mr. HATHAWAY. I beg your pardon?

The CHAIRMAN. Your previous contracts had been with those distributing agencies that actually rendered the service?

Mr. HATHAWAY. That is right. And Rockaway News, that is the only one.

The CHAIRMAN. None of your own employees were members of this union?

Mr. HATHAWAY. We had no employees members of the union.

The CHAIRMAN. And yet the union was trying to force you, although you had no employees members of the union, to make a contract directly with them?

Mr. HATHAWAY. That is correct.

The CHAIRMAN. And this circular or throwaway as you call it, was published and distributed in connection with that issue?

Mr. HATHAWAY. That is right.

Mr. KENNEDY. And in this letter, Mr. Chairman, of January 5, 1959, exhibit No. 2, signed by O'Donnell & Schwartz, counsel to the union, it states over here on the top paragraph on page 2:

This will advise you that we are not entering into any discussions or negotiations with any news company concerning the delivery of Newsday.

So even if this other company, Libco, or the employees, wished to join the union, the Newspaper Union, as has been indicated here, he wouldn't even take them in.

Mr. HATHAWAY. That would be our understanding, Mr. Kennedy, and I would like you to note that the dates of those two communications there, they are a month apart.

Mr. KENNEDY. This is January 5, 1959.

Mr. HATHAWAY. Yes, sir; the first throwaway is December 5, and the letter is January 5, which to us would clearly indicate that there was no change in the attitude of the union during this period.

The CHAIRMAN. What did this mean, this paragraph here in this letter of January 5, which says:

This will advise you that we are not entering into any discussions or negotiations with any news company concerning the delivery of Newsday.

Mr. HATHAWAY. It would indicate to us, Senator, that they had no intention of attempting to organize the drivers who were legitimately handling under contract the distribution of Newsday.

The CHAIRMAN. Was this still a part of the pressure to compel you to sign up without having any members?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. This was still a part of that pressure?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Now, Mr. Greene, you had some experiences in connection with this situation also?

Mr. GREENE. Yes, sir.

Mr. KENNEDY. I might say, Mr. Chairman, as you know, Newsday has been of great assistance to this committee during the course of its investigations. A number of the hearings that we have held have come from leads and from work that has been done originally by Newsday. Newsday also was kind enough to lend Mr. Greene to the staff of the committee on an important investigation that we held the first year.

The CHAIRMAN. May I ask this gentleman, do you attribute any of this problem you have had with the union to the fact that you have cooperated with this committee in any way?

Mr. HATHAWAY. I do not believe we have any such evidence, Senator McClellan, and I think they would be out there trying to get Newsday in any event.

The CHAIRMAN. You think they would be after you anyhow?

Mr. HATHAWAY. Yes.

Mr. KENNEDY. All right, Mr. Greene, would you relate to the committee what the situation was as you found it, and what approaches were made to you?

Mr. GREENE. On December 30—or the 29th, as Mr. Hathaway related—the trucks or tires of trucks of Libco Co. were slashed.

In connection with that, the Nassau County Police Department made an investigation and determined by questioning that four persons should have further questioning in connection with this tire slashing. They were Lawrence, Lehman, Baer, and Hoolahan.

During the course of this procedure, Mr. Lawrence was requested by the Nassau County Police Department to appear at the third precinct. I understood that this was going to happen and I went over to the third precinct to wait and see what might transpire further.

Mr. Lawrence arrived at the precinct accompanied by Mr. William Fello.

Mr. KENNEDY. Who is Mr. William Fello?

Mr. GREENE. I was later able to identify, or we had known already, that Mr. Fello was an overseer of the Bi-County News Co.

Mr. KENNEDY. And therefore a partner of Mr. Irving Bitz?

Mr. GREENE. That is right. The Bi-County News Co. had opened up right behind Newsday's plant, in Garden City.

I asked Detective Curran about that when he came downstairs, since in a sense we were also a part of the investigation, and Detective Curran said that Mr. Fello had accompanied Mr. Lawrence and had said that he was a good friend of Mr. Lawrence and he was a local businessman, and he was coming over with Mr. Lawrence to see what was going on, and he remained upstairs with Mr. Lawrence when Mr. Lawrence was being questioned for the first half an hour.

Then he came downstairs in the precinct.

At that time he stood off to one side in the lobby and I went over to him and I asked him first about a Mr. Wallace J. Miller, whom we had understood was also an officer of Bi-County News Co. He said

that Mr. Miller wasn't with them any more and he seemed as though he wanted to talk to me, and I then asked him how it was that he, connected with a news distributing company, was here with Mr. Lawrence who was in the union.

He said, or he referred to Mr. Lawrence as "Junior," and he said, "Well, I have known Junior's father for many, many years, and I worked with him," and he said, "I know this kid, and I have watched this kid's career in the union, and I have helped him all I could, and I have sort of helped bring him up in the union," and he said, "I have watched his career, and he is like a son to me. That is why I am here with him."

So then he said, and he volunteered this question: "What kind of trouble is this whole thing?" And he was referring, of course, to the Newsday-union problem.

I said, "Well, I understood—I only worked for the paper—but I understood that the union wanted us to go into a direct contract with them, and we couldn't use any contractor whether it be union or not."

So then there was a pause, and then he said, "Well, you know, we are in the newspaper business, too, and we have our plant right behind you, and you know, Rockaway used to work for you, and we have taken over all of Rockaway News magazine delivery."

And so he said, "We could deliver for you."

And I said, "Well, I understood from conversations which I had had with officials of our company, that the union wasn't allowing any distributor to deal for us."

The CHAIRMAN. That is what they had said in this letter?

Mr. GREENE. That is right, sir. The letter, however, was after this conversation.

The CHAIRMAN. You had had advance information from them about that?

Mr. GREENE. That throwaway we got on the 5th of December had come 25 days before.

At this point he said, "Well, I said I don't think that you could do it, because of the union." So he looked upstairs, Mr. Lawrence was still being questioned upstairs, and he sort of shrugged his head towards upstairs, and he said, "Don't worry; we won't have any trouble with the union."

So he said, "I think I will get to work on that right away, and who shall I call up over in your company, which person?"

So I said, "Well, probably Mr. Ferguson, who is our business manager."

So he said "All right, I'll get after him this afternoon as soon as I go back."

Then I waited for Mr. Lawrence to come downstairs, and he and Mr. Lawrence departed together from the precinct.

Mr. KENNEDY. Did you later hear from Bi-County?

Mr. GREENE. Mr. Ferguson informed us that he had gotten a call from Mr. Gordon that afternoon, to inquire about handling our delivery.

Mr. KENNEDY. How was it handled by Newsday then, or what position did Newsday take about it?

Mr. GREENE. Mr. Ferguson said that he informed Mr. Gordon that we had a contractor working for us, Libco, and our deliveries were being handled.

Mr. KENNEDY. Did you know of the background of the Bi-County Co.?

Mr. GREENE. Yes, sir; we did, and that is what interested me in Fello in the first place, because we had gotten information that Mr. Bitz was involved in some way in this whole union problem, and then as a result of our own investigations we had determined that Bi-County had opened up not too long before right behind Newsday.

Mr. KENNEDY. Did Bi-County subsequently get much of the deliveries on Long Island, the Long Island area?

Mr. GREENE. This I do not know, although Mr. Fello told me that they handled now most of Rockaway's magazine stuff, and they were geared to handle newspapers.

Mr. KENNEDY. They opened up just as Rockaway was going out of business?

Mr. GREENE. Rockaway, as I understand, was in the process of back and forth for almost a year, but during that time I understand—and I don't know this of my own knowledge—they were picking up most of Rockaway's magazine business.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. KENNEDY. Mr. Chairman, could I just ask Mr. Tierney about what the records show as far as Bi-County is concerned, whether they were able to get deliveries in that area?

Mr. TIERNEY. Yes; that is right.

Mr. KENNEDY. Of both newspapers and major magazines?

Mr. TIERNEY. Just magazines, and the great bulk of magazines with two exceptions, S. & M. publications and Hillman publications.

Mr. KENNEDY. What magazines would it include that they now have?

Mr. TIERNEY. It would include Hearst publications and Curtis publications, and similar major publications, all of them with the exception of those two I mentioned.

Mr. KENNEDY. They have that business at the present time?

Mr. TIERNEY. Yes.

TESTIMONY OF ALAN HATHAWAY AND ROBERT W. GREENE— Resumed

Mr. KENNEDY. Was your reluctance, or part of your reluctance to do business with them because of tie-in of Mr. Bitz and some of these other individuals?

Mr. GREENE. Well, since I wasn't involved at all in the negotiations, Mr. Hathaway could answer that.

Mr. KENNEDY. Would that be one of the things?

Mr. HATHAWAY. We had no desire to have any contract of any sort with any organization headed by Irving Bitz, or any man of his criminal record.

The CHAIRMAN. I gather from this testimony that there is indication that this Bitz organization was possibly putting on this pressure through the union to try to put some folks out of business and to get into this operation themselves, to take over a lot of this delivery; is that correct?

Mr. HATHAWAY. We did not think that the location of their plant within a few hundred feet of Newsday was a complete coincidence. I think so, Senator; yes. Of our own knowledge we could not say.

The CHAIRMAN. I understand, but there is indication of it.

Mr. HATHAWAY. Certainly I would say so.

The CHAIRMAN. Here again there was collusion between a union and a business interest to apply pressure of this nature in order to put one firm out of business, so to speak, and put another firm in business; is that correct?

Mr. HATHAWAY. I would say that was a sound inference, Senator.

Mr. GREENE. This certainly in our own mind at least crystallized as a fairly good speculation, when every wholesaler had told us that they couldn't deliver for us because the union wouldn't allow them to, and here in the police station with the union business agents, Mr. Bitz' partner shows up and says, "We can handle your business without any trouble from the union."

The CHAIRMAN. You would have no trouble with the union and all of the others in that business were being barred by the union, and they so stated in their letter to you.

Mr. HATHAWAY. That is correct.

The CHAIRMAN. And so stated in the circular.

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. So it looked like collusion here between the Bitz group on the one side, on the business side of the issue, and the union by these tactics to harass the paper, and also others, and compel the business to be delivered to them.

Mr. HATHAWAY. Yes; and I think it is further borne out by an exhibit which I am quite sure you gentleman have in a union paper which comments on the Bitz taking over the magazine distribution, and their great satisfaction with that.

Mr. KENNEDY. I don't think that we are familiar with it.

The CHAIRMAN. We may check our files, and if we have it, or if you have it to make it available, I would like to have it.

Mr. HATHAWAY. I believe we have a photostat of it, but I think that you will find such a letter in your files, or it is not a letter, but a regular union publication.

Mr. KENNEDY. Perhaps this is it.

The CHAIRMAN. I hand you here what purports to be a photostatic copy of an issue of the bulletin of December 1958. I think it is December 11.

I will ask you to examine this and see if this is the newspaper to which you refer.

(The document was handed to the witness.)

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. That photostatic copy of the newspaper may be made exhibit No. 3.

(Document referred to was marked "Exhibit No. 3" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Do you want to read the pertinent part of it, of the article?

Mr. HATHAWAY. It is quite some time since I have read this, and it is lengthy, Senator, but I will see if I can find it.

Mr. KENNEDY. Perhaps Mr. Greene could look for that while I ask you this question: Was this a further attempt by the union to control this industry in and around New York?

Mr. HATHAWAY. This had nothing directly to do with the newspaper distribution. This was the magazine distribution.

Mr. KENNEDY. I am not talking about this newspaper article, but I am talking about the efforts by the union in connection with your newspaper.

Would you see it as a further effort by the union to control the industry in the New York area?

Mr. HATHAWAY. Yes; I would.

Mr. KENNEDY. Isn't it correct that the union pretty well determines what wholesaler is going to handle newspapers or magazines in the New York area?

Mr. HATHAWAY. Very greatly.

Mr. KENNEDY. It has a major role to play?

Mr. HATHAWAY. It has a major role and it imposes whatever restrictions it desires at any time.

Mr. KENNEDY. Ordinarily they can put pressure on magazines or newspapers to take a particular company, as a wholesaler; is that right?

Mr. HATHAWAY. I believe that is correct, sir.

Mr. KENNEDY. Certainly there was an effort in your particular case.

Mr. HATHAWAY. In our particular case, yes; there is no question about it.

Mr. KENNEDY. To make the policy for the newspaper in this instance.

Mr. HATHAWAY. It is further a fact that in the distribution of magazines currently going on by Bi-County, they forced newsdealers to take magazines that had been determined to be salacious and are not wanted by the newsdealers. The dealers get them whether they want them or not.

The CHAIRMAN. They are now being forced to take them?

Mr. HATHAWAY. That is still going on, and I have been told by some individual dealers.

The CHAIRMAN. In other words, that is a form of coercion, compelling them to take them and otherwise they won't get deliveries?

Mr. HATHAWAY. Yes, sir, and dealers have told us that Bi-County tells them that—

We package them this way, and you have to take it that way, and if you don't sell them, return them, but rebates on the returns are slow if they are in existence.

Mr. GREENE. This newspaper bulletin deals with the problem of certain companies taking over Rockaway News' business. The three paragraphs I think illustrate the point Mr. Hathaway made. The first paragraph is the union has won a critical victory in protecting the job opportunities of its members in the publishing industry.

For months the industry was buzzing with rumors concerning the loss by Rockaway News Co., Inc., of its magazine franchises.

Then it goes on to say how one company was attempting to go non-union or have its deliveries nonunion in some way, and then it says—

On Wednesday, November 19, the union received word that S. & D. finally reversed itself and assigned its franchises to Periodical Distributors, Bi-County News, and Pacific News Co.

Also it says,

All of the men laid off by Rockaway News have been placed in these three companies. The satisfactory disposition of this matter contrasts sharply with the injunction which S. & M. News succeeded in obtaining against this union in 1952.

So the placing of their men with Bi-County, as one of the three companies, and the business, was evidently satisfactory to the union, which, of course, is what Mr. Hathaway said.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClelland and Ervin.)

(Whereupon, at 12:25 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2:15 p.m., Senator John L. McClellan (chairman) presiding.)

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at time of reconvening: Senators McClellan and Ervin.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. This afternoon we hope to get through some 30 witnesses, so we will have to have a number at one time.

The CHAIRMAN. We have a very ambitious and optimistic counsel, I believe.

Mr. KENNEDY. Shall we start? The first witness is Mr. William Fello.

The CHAIRMAN. All right, Mr. Fello, will you be sworn?

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. FELLO. I do.

TESTIMONY OF WILLIAM J. FELLO, ACCOMPANIED BY COUNSEL, LOUIS HAIMOFF

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. FELLO. William J. Fello, 31-03 90th Street, Jackson Heights, New York City.

The CHAIRMAN. What is your business or profession?

Mr. FELLO. I respectfully decline to answer the question on the grounds that it might tend to incriminate me.

The CHAIRMAN. You have counsel. Mr. Counsel, will you identify yourself for the record?

Mr. HAIMOFF. Louis Haimoff, 501 Fifth Avenue, New York City.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. Now, Mr. Fello, you were president of the Bi-County News Co., is that right, a wholesaler of magazines in Nassau and Suffolk County?

Mr. FELLO. I respectfully decline to answer the question on the ground that it might tend to incriminate me.

Mr. KENNEDY. And you were also a member of the Mail Deliverers Union, which has the collective bargaining agreement with Bi-County News; is that right?

Mr. FELLO. I decline to answer on the ground that it might tend to incriminate me.

Mr. KENNEDY. Could I ask Mr. Adlerman a question in connection with the background of this question?

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

TESTIMONY OF JEROME S. ADLERMAN

The CHAIRMAN. State your name and your connection with this committee.

Mr. ADLERMAN. My name is Jerome Adlerman, and I am assistant chief counsel to the committee.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, Mr. Adlerman, the records of the Bi-County News Co. show it was organized in April of 1958.

Mr. ADLERMAN. That is correct.

Mr. KENNEDY. And by whom was it organized?

Mr. ADLERMAN. It was organized by Mr. William Fello, as president, and I believe he was the sole stockholder at this time, except for the pro forma stockholders necessary to organize.

Mr. KENNEDY. Shortly afterwards the controlling interest of Bi-County was purchased by Irving Bitz and Mr. Gordon; is that right?

Mr. ADLERMAN. That is correct.

Mr. KENNEDY. What is Mr. Gordon's full name?

Mr. ADLERMAN. It is Mr. Charles Gordon; his former name was Abraham Goldberg.

The CHAIRMAN. Do I understand that Mr. Fello, Mr. Bitz, and Mr. Gordon are the owners of Bi-County News Co.?

Mr. ADLERMAN. They are, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. So Mr. Fello and Mr. Miller owned it originally, and then just at the time they got the union contract the controlling interest was purchased by Bitz and Gordon; is that right?

Mr. ADLERMAN. Prior to the time that Bitz and Gordon became members of the firm, or partners, or owners of the firm, it was owned by Mr. John Walsh and Mr. William Fello.

Mr. KENNEDY. And Mr. Walsh, according to our information, was then forced out of the company; is that correct?

Mr. ADLERMAN. He was forced out according to his testimony.

Mr. KENNEDY. Or his statement?

Mr. ADLERMAN. His statement; yes.

**TESTIMONY OF WILLIAM J. FELLO, ACCOMPANIED BY COUNSEL,
LOUIS HAIMOFF—Resumed**

Mr. KENNEDY. Now, Mr. Fello, could you tell us how Mr. Irving Bitz and yourself got into this company?

Mr. FELLO. I decline to answer on the ground that it might tend to incriminate me.

Mr. KENNEDY. Could you tell us how you obtained control over the distribution of the magazines on Long Island, for instance?

Mr. FELLO. I respectfully decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Could you tell us why Mr. Walsh was forced out of the company?

Mr. FELLO. I respectfully decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. According to the testimony this morning, you accompanied Mr. Lawrence to the police station at the time he was being questioned. Could you tell us or give us the reason for that?

Mr. FELLO. I decline to answer the question on the ground it might tend to incriminate me.

Mr. KENNEDY. Then you indicated to Mr. Greene, according to his testimony, that you could get matters straightened out with the union. Could you tell us about that?

Mr. FELLO. I respectfully decline to answer on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. According to the records of the company, you loaned between May 5, 1958, and July 3, 1958, to the Bi-County News Co., some \$40,000. Could you tell us what the source of that money was?

Mr. FELLO. I respectfully decline to answer the question on the ground that it might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could we swear Mr. Cofini of the staff just to put the documents in?

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COFINI. I do.

TESTIMONY OF ROBERT J. COFINI

The CHAIRMAN. Will you speak a little louder so we can hear you? I think we can do just as well without this paraphernalia of loud-speakers here as we do with them.

State your name, please.

Mr. COFINI. Robert J. Cofini.

The CHAIRMAN. What is your business or occupation?

Mr. COFINI. I am a supervisory accountant with the U.S. General Accounting Office.

The CHAIRMAN. On loan to this committee?

Mr. COFINI. That is right.

The CHAIRMAN. All right; proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Cofini, you have made an examination of the books and records of Bi-County?

Mr. COFINI. I have.

Mr. KENNEDY. Have you found that Mr. Fello has made certain loans to the company?

Mr. COFINI. Yes, he has.

Mr. KENNEDY. And during the period that I just mentioned, did he make loans amounting to some \$40,000?

Mr. COFINI. Yes, sir; that is correct.

Mr. KENNEDY. Would you tell us the source of that, Mr. Fello?

Mr. FELLO. I respectfully decline to answer the question on the ground that it might tend to incriminate me.

The CHAIRMAN. May I inquire of you, Mr. Cofini, did the money come into the possession of the company, into its treasury, by means of checks or by means of cash? Could you determine from your examination?

Mr. COFINI. In some cases we were able to determine and in some cases we were not. Now, we were able to find out only in two instances and they were deposits of checks.

The CHAIRMAN. In two instances they were deposits of checks. Now, as part of the money that Mr. Fello advanced to the company?

Mr. COFINI. That is correct.

The CHAIRMAN. In how many instances were there? You have mentioned only two.

Mr. COFINI. In one case Mr. Fello made a loan from the Manufacturers Trust Co., some \$15,000, which he in turn received a cashier's check from the bank and turned over to Bi-County News.

Mr. KENNEDY. Where did he receive the money to purchase the cashier's check?

Mr. COFINI. It was a loan from the bank.

Mr. KENNEDY. A loan from the bank?

Mr. COFINI. Yes, a secured loan.

The CHAIRMAN. He, in effect, borrowed the money from the bank and loaned it to the company?

Mr. COFINI. That is correct.

Mr. KENNEDY. What about the others?

Mr. COFINI. The other instance was also a loan from a bank, amounting to \$11,500.

Mr. KENNEDY. It was handled in the same fashion?

Mr. COFINI. It was handled in the same fashion.

Mr. KENNEDY. What about the other loans he made?

Mr. COFINI. I was unable to trace whether or not they were cash or check deposits.

TESTIMONY OF WILLIAM J. FELLO, ACCOMPANIED BY COUNSEL, LOUIS HAIMOFF—Resumed

Mr. KENNEDY. Could you tell us about that, Mr. Fello?

Mr. FELLO. Sir, I respectfully decline to answer the question on the ground that it might tend to incriminate me.

The CHAIRMAN. Does this company have any legitimate business at all?

Mr. FELLO. I respectfully decline to answer the question on the ground that it might tend to incriminate me.

The CHAIRMAN. Are we to understand that it is a kind of a racketeering and gangster-dominated organization or business enterprise?

Mr. FELLO. I respectfully decline to answer the question on the ground that it might tend to incriminate me.

The CHAIRMAN. It might, if it is that kind. Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

Senator ERVIN. I have no questions.

Mr. KENNEDY. Now, Mr. Harold Weinstock, Mr. Joseph Lang, and Mr. Abraham Weinberg.

The CHAIRMAN. Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANG. I do.

Mr. WEINBERG. I do.

Mr. WEINSTOCK. I do.

TESTIMONY OF JOSEPH LANG, ABRAHAM WEINBERG, AND HAROLD WEINSTOCK, ACCOMPANIED BY COUNSEL, EDWIN F. KORKUS AND SOL GELB

The CHAIRMAN. The witness, accompanied by their counsel, will please find chairs.

Beginning on my left, state your name, your place of residence, and your business or occupation, please.

Mr. LANG. Joseph Lang, 310 East 44th Street, Manhattan. Wholesale newspaper distributor.

The CHAIRMAN. Thank you very much.

And the next one?

Mr. WEINBERG. Abraham Weinberg, 5 Putnam Road, Scarsdale, N.Y. Wholesale newspaper distributor.

Mr. WEINSTOCK. Harold Weinstock, 1111 Park Avenue, N.Y. Wholesale newspaper distributor.

The CHAIRMAN. Gentlemen, you have counsel, do you?

Counsel, will you identify yourself?

Mr. KORKUS. Edwin F. Korkus, 11 Park Place, New York City.

Mr. GELB. Sol Gelb, 30 Broad Street, New York 4, N.Y.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Now, you gentlemen, I will start with Mr. Weinstock, you are a member of the Morning Wholesalers Group; is that correct?

Mr. WEINSTOCK. Yes.

Mr. KENNEDY. And you have how many wholesalers in the Morning Wholesalers Group?

Mr. WEINSTOCK. Ten, I believe.

Mr. KENNEDY. Some 10 of them?

Mr. WEINSTOCK. I haven't actually counted them.

Mr. KENNEDY. Approximately 10. And you handle the newspapers, do you?

Mr. WEINSTOCK. Yes, sir.

Mr. KENNEDY. Do you handle any magazines?

Mr. WEINSTOCK. Some of them.

Mr. KENNEDY. All of the metropolitan newspapers in the city of New York?

Mr. WEINSTOCK. Not all; but some.

Mr. KENNEDY. What ones do you handle?

Mr. WEINSTOCK. The New York Times, New York Tribune, Sunday American, Journal of Commerce, Wall Street Journal. That sort of describes it. And other foreign language newspapers.

Mr. KENNEDY. The New York Post?

Mr. WEINSTOCK. No, sir.

Mr. KENNEDY. Herald Tribune?

Mr. WEINSTOCK. Yes, sir.

Mr. KENNEDY. The Journal American?

Mr. WEINSTOCK. On Sunday.

Mr. KENNEDY. Who handles these other papers? For instance, the Journal American, on the other days.

Mr. WEINSTOCK. Its publishers handle it directly.

Mr. KENNEDY. In what areas does your group handle the wholesaling of the newspapers?

Mr. WEINSTOCK. I would say the four boroughs of the city of New York, generally speaking.

Mr. KENNEDY. What are they?

Mr. WEINSTOCK. Bronx, Manhattan, Queens, Brooklyn.

Mr. KENNEDY. Is it 4 out of the 5, or do you handle it on all of them?

Mr. KORKUS. There is some delivery in Suffolk County.

Mr. WEINSTOCK. And also in Nassau County.

Mr. KENNEDY. You personally are the largest distributor in the metropolitan area, are you not?

Mr. WEINSTOCK. No, sir. The Metropolitan Newspaper Co., and not I personally.

Mr. KENNEDY. That is larger?

Mr. WEINSTOCK. I am employed by the Metropolitan News Co.

Mr. KENNEDY. But that company is the largest, are they?

Mr. WEINSTOCK. I believe so, and I am not certain.

Mr. KENNEDY. What is the Suburban Newspaper Association? Are you familiar with that?

Mr. KORKUS. That is another attorney who is present and his clients are present.

Mr. KENNEDY. I just want to ask you to differentiate. What is the Suburban News Dealers Association? What do they do, or where do they do their work? Do you know anything about their operations?

Mr. KORKUS. If you please, Mr. Kennedy, I would prefer, or respectfully request, that you do not question these witnesses about an association which is here present and has its attorney here, and we would prefer not to answer the questions about the makeup of that association.

Mr. KENNEDY. I just want to get the whole picture in, that there are a number of different associations, and I am not going into detail with them. But there is another association, known as the Suburban News Dealers Association?

Mr. WEINSTOCK. Yes, sir.

The CHAIRMAN. We are trying to fill a pattern here.

Mr. WEINSTOCK. It is a question of geography.

Mr. KENNEDY. Where do they operate generally?

Mr. WEINSTOCK. Suburban New York—Westchester, Jersey, and what we call Greater New York, outside of New York.

Mr. KENNEDY. There is a magazine group which handles magazines; is that correct?

Mr. WEINSTOCK. Yes, I suppose so.

Mr. KENNEDY. What is the Evening Wholesalers Group?

Mr. WEINSTOCK. The same thing.

Mr. KENNEDY. What do they handle? Magazines, or what?

Mr. WEINSTOCK. I am not familiar with their operations.

Mr. KENNEDY. Don't they also handle newspapers?

Mr. WEINSTOCK. Yes, I believe so.

Mr. KENNEDY. Don't you know that to be a fact?

Mr. WEINSTOCK. Well yes, they handle evening newspapers, that is why they are called evening newspaper wholesalers.

Mr. KENNEDY. So you handle the newspapers in the morning, by and large, in the five boroughs in New York, and there is another group that handles the outside in the suburban areas, and there is another group that handles magazines, and there is another group that handles the evening newspapers; generally, that is the situation, is it?

Mr. WEINSTOCK. Yes.

Mr. KENNEDY. And your company is the Metropolitan News Co.?

Mr. WEINSTOCK. Yes, sir.

Mr. KENNEDY. How many drivers do you have, approximately?

Mr. WEINSTOCK. Approximately 100.

Mr. KENNEDY. That is all right. You have about 100 permanent drivers and maybe 50 to 75 extra drivers; is that right?

Mr. WEINSTOCK. About. And it is very vague.

Mr. KENNEDY. I just asked you approximately.

Mr. WEINSTOCK. Approximately.

Mr. KENNEDY. Now, the other officers are Charles Hertzog, who is president and director; and Abraham Rosen, who is the treasurer; is that right?

Mr. WEINSTOCK. Yes, sir.

Mr. KENNEDY. You also have control in the same capacity of the Kings County Delivery Co.; is that right?

Mr. WEINSTOCK. Yes, sir.

Mr. KENNEDY. What is the Kings County Delivery Co.?

Mr. WEINSTOCK. It does the same work as the Metropolitan, in a different area; in Brooklyn.

Mr. KENNEDY. They distribute newspapers and periodicals in Brooklyn, N.Y.; is that right?

Mr. WEINSTOCK. That is correct.

Mr. KENNEDY. Now, the gross sales for the Metropolitan News Co. is approximately \$9.5 million; is that right?

Mr. WEINSTOCK. I don't have the vaguest idea.

Mr. KENNEDY. Don't you have any idea?

(The witness Weinstock conferred with his counsel.)

Mr. KENNEDY. Would you talk to me rather than your attorney? He might be interested, but I am interested, too.

(The witness Weinstock conferred with his counsel.)

Mr. WEINSTOCK. It is nearer to seven, I would say. That is a rough guess.

Mr. KENNEDY. You believe it is around \$7 million?

Mr. WEINSTOCK. That is a rough guess, sir.

Mr. KENNEDY. Do you know what the gross sales for Kings County News Co. is?

Mr. WEINSTOCK. No.

Mr. KENNEDY. Is it about \$1 million?

Mr. WEINSTOCK. I think approximately, and I have no way at the moment of knowing that.

Mr. KENNEDY. Now, let me ask you this: Have you used any of the company funds to pay off any union officials?

Mr. WEINSTOCK. I respectfully decline to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. What is your official capacity with this company?

Mr. WEINSTOCK. I am secretary of the corporation, and a director.

The CHAIRMAN. Do you draw checks on the corporation in your official capacity? Do you write checks or sign checks on the corporation?

Mr. WEINSTOCK. Yes, sir.

The CHAIRMAN. You do?

Mr. WEINSTOCK. Yes, sir.

The CHAIRMAN. In that capacity, have you drawn out any money out of the company by check or in cash to pay off union officials?

Mr. WEINSTOCK. I respectfully decline to answer that question on the grounds that it might tend to incriminate me, sir.

The CHAIRMAN. Is there something about this operation, anything about the newspaper business, buying and distributing of papers or magazines, that should be looked upon as an impropriety or anything wrong with it?

It is a perfectly legitimate business, and if there is some connection where you have to pay out money, extortion money or bribe money or money to buy peace with labor or something—if there is something like that going on, we would like to know it. You business people certainly ought to be able to tell us.

Is there something about your operations that you can't talk about without the possibility of self-incrimination?

Mr. WEINSTOCK. I respectfully decline to answer, sir, on the ground that my answer might tend to incriminate me.

The CHAIRMAN. That would mean that your answer is "Yes," if it is going to incriminate you. It wouldn't incriminate you to say "No," obviously. And if you say no, that can't incriminate you, and I just asked if there is something about your business and the way you handle it, or the way you operate it, that involved the paying off of some labor leaders or representatives, and you say you can't answer that without possible self-incrimination; is that correct?

Mr. WEINSTOCK. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. I would like to ask Mr. Cofini, Mr. Chairman, some questions now about the records.

Mr. Cofini, you made a study of the records of the Metropolitan News Co.

TESTIMONY OF ROBERT J. COFINI—Resumed

Mr. COFINI. Yes, I have.

Mr. KENNEY. Do you have any figures, rough figures, as far as their gross business is concerned?

Mr. COFINI. Yes.

The gross sales average about \$9.5 million a year, according to a statement prepared by their certified public accountants.

MR. KENNEDY. That is about \$9.5 million and not \$7 million, Mr. Weinstock.

What about the Kings County News Co.?

MR. COFINI. That is about \$1 million a year, gross.

MR. KENNEDY. That makes them the largest company, does it not?

MR. COFINI. In the Metropolitan New York area; that is correct.

MR. KENNEDY. Now, do we find from an examination of the books of the Metropolitan News Co., that large sums of money were withdrawn from their account each year?

MR. COFINI. Yes, sir.

MR. KENNEDY. And that this money was withdrawn in weekly intervals?

MR. COFINI. That is right; weekly checks.

MR. KENNEDY. Could you tell us about that? You made an examination from 1956 through 1958?

MR. COFINI. That is correct.

MR. KENNEDY. How much was withdrawn weekly during that period of time?

MR. COFINI. Weekly during that time, there were checks averaging about \$585 a week, which over the 3-year period amounted to \$107,768.

THE CHAIRMAN. Over a period of 3 years, they amounted to how much?

MR. COFINI. \$107,768.

THE CHAIRMAN. That is over a period of how many years?

MR. COFINI. 3 years.

THE CHAIRMAN. But these withdrawals were regularly made and periodically?

MR. COFINI. Every week, every single week.

THE CHAIRMAN. And there was a check for cash and withdrawal of that much money?

MR. COFINI. A check made payable to cash.

THE CHAIRMAN. Was there any voucher showing what it was expended for?

MR. COFINI. No vouchers were available.

THE CHAIRMAN. No record was kept of the expenditure of it?

MR. COFINI. No, sir.

THE CHAIRMAN. What does it show that it was taken out of the treasury for?

MR. COFINI. It was charged to an account called "Miscellaneous travel expenses."

THE CHAIRMAN. Miscellaneous traveling expenses?

MR. COFINI. Yes, sir.

THE CHAIRMAN. That isn't something they used to send them down to Florida, is it?

MR. COFINI. It could be.

THE CHAIRMAN. OK.

MR. KENNEDY. You have some of those checks, have you not?

MR. COFINI. Yes, sir.

MR. KENNEDY. Mr. Chairman, would you like to have those identified?

THE CHAIRMAN. Let me have a few of them.

(The documents were handed to the Chair.)

The CHAIRMAN. I have here about 15 or 18 photostatic copies of checks which you have just handed me.

Are these all of the checks that you have?

Mr. COFINI. No, I have more here.

The CHAIRMAN. This is just a sample, is it? Let me have all of them.

Mr. COFINI. These are all for the year 1958.

The CHAIRMAN. Mr. Witness, you have just handed me a bundle of photostatic copies of checks, probably running 40 or 50 checks?

Mr. COFINI. That is correct.

The CHAIRMAN. What does this group of checks that I have represent?

Mr. COFINI. Those are the checks made payable to cash, upon which usually endorsed by the president, Charles Hertzog, who goes down to the bank and cashes it, and disposes of the money in some fashion.

The CHAIRMAN. These were all drawn on this Metropolitan News Co.?

Mr. COFINI. That is right.

The CHAIRMAN. And apparently they are drawn once each week.

Mr. COFINI. Once each week.

The CHAIRMAN. They may be made exhibit No. 4 in bulk.

(Checks referred to were marked "Exhibit No. 4" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I was just running through them, and I notice the first one I looked at without giving the date of it.

They are all 1958 checks, are they?

Mr. COFINI. Yes.

The CHAIRMAN. \$592, \$596, \$597, \$595, \$595, \$587, \$590, \$597, and \$595. And now I will skip on down here a way, and that one is \$597, and I will go further and find it is \$590.

So the smallest, apparently, of those we have looked at so far range from \$587, and the high is \$597.

Mr. COFINI. The average is \$585.

The CHAIRMAN. What is that?

Mr. COFINI. \$585.

The CHAIRMAN. That is what they average?

Mr. KENNEDY. For the 3 years.

Mr. COFINI. Yes, sir.

Mr. KENNEDY. For the period of time?

Mr. COFINI. Yes, sir.

Mr. KENNEDY. And they are all within this range?

Mr. COFINI. Yes, sir.

The CHAIRMAN. Did you interrogate any of the officials of this company about these expenditures.

Mr. COFINI. I didn't do it, but it was done by another staff member.

The CHAIRMAN. But you found the checks and found this routine drawing out \$580 or \$590 a week; is that right?

Mr. COFINI. That is right.

The CHAIRMAN. Now, I present this exhibit No. 4 to this witness, Mr. Weinstock.

Will you please examine exhibit No. 4 and state if you identify those photostatic copies?

(Exhibit No. 4 was handed to the witness Weinstock.)

Mr. WEINSTOCK. They appear to be photostatic copies.

The CHAIRMAN. You recognize them as apparently being photostatic copies of checks, issued on your company; is that correct?

Mr. WEINSTOCK. Yes, sir.

The CHAIRMAN. Now, will you tell us what those checks were issued for?

Mr. WEINSTOCK. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Were they payoff moneys drawn in cash and paid out to some union officials, or for some other improper purpose?

Mr. WEINSTOCK. I respectfully decline to answer that question on the grounds that my answer might tend to incriminate me.

The CHAIRMAN. This business of newspaper distributing company has become so infiltrated with those elements that you have to engage in business in this fashion with secret withdrawals or covered up withdrawals of money from the treasury, and paying out without receipts or vouchers, in order to stay in business; has it reached that point up there in New York?

Mr. WEINSTOCK. I respectfully decline to answer.

The CHAIRMAN. If you have to do it you ought to help us clean it up and expose the racket, and you don't want to do that? You are a businessman, and you are on the business side of the fence. Don't you want to help clean it up and expose this, and let us get at the bottom of it?

Mr. WEINSTOCK. I respectfully decline to answer, sir, on the ground that my answer might tend to incriminate me.

The CHAIRMAN. I think business people who hide and cover up this way, are just as reprehensible as a labor racketeer who goes out and exploits and extorts. It is all the same.

Mr. KENNEDY. Mr. Cofini, we want to get the record straight now on this \$585. Isn't it included in these checks, included in the \$107,000, two checks that were written at Christmastime in 1956, and Christmastime in 1957?

Mr. COFINI. That is correct.

Mr. KENNEDY. So it is the \$585, plus two checks, which total \$15,000; is that right?

Mr. COFINI. That is right.

Mr. KENNEDY. Actually, the \$585 average comes to some \$92,768.

Mr. COFINI. That is right.

Mr. KENNEDY. We had better get that straight.

The CHAIRMAN. Do you have the two checks that total \$15,000?

Mr. COFINI. No, we don't have those. We don't have those available.

Mr. KENNEDY. You have the records and you have examined the records. What do the records indicate?

Mr. COFINI. The records indicate that on December 6, 1956, a check for \$7,500 made payable to cash, was issued.

Mr. KENNEDY. What was that charged to?

Mr. COFINI. Christmas gifts.

Mr. KENNEDY. And then in December of 1957?

Mr. COFINI. A similar check made payable to Christmas gifts. It was issued and marked "Christmas gifts."

Mr. KENNEDY. All of this money was deducted, was it not?

Mr. COFINI. It was.

Mr. KENNEDY. And it was taken as an expense by the company?

Mr. COFINI. It was taken as an expense by the company.

Mr. KENNEDY. This totals, in 1956, some \$38,000; in 1957 some \$38,000; in 1958 some \$31,000. In each one of those 3 years some of this was disallowed; is that correct?

Mr. COFINI. Yes.

Mr. KENNEDY. How much was disallowed?

Mr. COFINI. \$12,500 in each year.

Mr. KENNEDY. But all the rest was allowed as legitimate expenses?

Mr. COFINI. Yes.

Mr. KENNEDY. Yet in our examination we found not one voucher to support any of these expenses?

Mr. COFINI. That is correct.

Mr. KENNEDY. And from the beginning, in our interviews of the officials of this company, they refused to tell us where this money went?

Mr. COFINI. That is correct.

Mr. KENNEDY. And you refuse under oath to give us any accounting of this \$107,000.

Mr. WEINSTOCK. I respectfully decline to answer.

The CHAIRMAN. Let me ask you this question: Who made those allowances? Do you mean the Internal Revenue Service?

Mr. COFINI. The Internal Revenue, upon examining the tax returns.

The CHAIRMAN. Without any vouchers or anything to substantiate it at all?

Mr. COFINI. That is correct.

The CHAIRMAN. Now we have the person here who is probably responsible as one of the officials, saying he can't tell without possible self-incrimination?

Mr. COFINI. That is correct.

The CHAIRMAN. Mr. Counsel, I suggest that the record be directed to the Internal Revenue Service and the Department of Justice. There may be hidden taxes here.

Mr. KENNEDY. At least they refuse to tell us where the money went.

This is not the whole situation, because the same kind of operation to a lesser extent exists in the other company, Kings County; is that correct?

Mr. COFINI. Yes.

Mr. KENNEDY. They withdrew checks to cash periodically there?

Mr. COFINI. Yes.

Mr. KENNEDY. Every week?

Mr. COFINI. Every week.

Mr. KENNEDY.. What did they amount to there?

The CHAIRMAN. This is the other company?

Mr. COFINI. Kings County News; that is correct.

The checks they would draw weekly averaged about \$100 a week.

Mr. KENNEDY. Actually a little bit more than \$100?

Mr. COFINI. Yes. Occasionally you will see one for \$250 or \$200, but the average is \$100 a week.

The CHAIRMAN. That is not out of line with the 500-and-some-odd dollars because this company had, as you say, about \$1 million income a year, and the other had \$9½ million.

Mr. COFINI. That is correct.

The CHAIRMAN. Naturally, I guess the exaction would be a little less in the smaller companies.

Mr. KENNEDY. How much did that total for each year, 1956 and 1957?

Mr. COFINI. The total was \$18,950.

Mr. KENNEDY. And that includes the Christmas gifts?

Mr. COFINI. That includes the Christmas gifts; that is right.

Mr. KENNEDY. How much were the Christmas gifts?

Mr. COFINI. The Christmas gift in this instance is \$1,000 a year.

Mr. KENNEDY. For 1956, 1957, and 1958?

Mr. COFINI. 1956, 1957, and 1958.

Mr. KENNEDY. So in 1956 the total was \$6,200, in 1957 \$6,400, in 1958 \$6,350, and that includes \$1,000 each year for Christmas gifts?

Mr. COFINI. That is correct.

The CHAIRMAN. Do we find the same situation here with respect to no vouchers?

Mr. COFINI. Yes, an identical situation.

The CHAIRMAN. No invoices?

Mr. COFINI. Yes, sir.

The CHAIRMAN. Nothing on which to base this?

Mr. COFINI. No support whatsoever.

The CHAIRMAN. All of the checks were cashed and the money unaccounted for?

Mr. COFINI. Yes.

Mr. KENNEDY. In addition to Kings County, there were other checks that were drawn to cash, were there?

Mr. COFINI. No; that is all.

Mr. KENNEDY. That is right. So that makes a total for the two companies of \$126,718 in the 3-year period?

Mr. COFINI. That is correct.

TESTIMONY OF JOSEPH LANG, ABRAHAM WEINBERG, AND HAROLD WEINSTOCK, ACCOMPANIED BY COUNSEL, EDWIN F. KORKUS AND SOL GELB—Resumed

Mr. KENNEDY. Would you tell us what you did with any of that money?

Mr. WEINSTOCK. Sir, I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Did you give it to any of the union officials in connection with the Mail Deliverers Union?

Mr. WEINSTOCK. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. The major newspapers of the New York area, such as the New York Times and the other papers that you have mentioned, were they aware of the fact that you were making these huge withdrawals of cash each week?

Mr. WEINSTOCK. Sir, I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Did you discuss with any of them as to whether it was necessary to make any payoffs to any union official in connection with your work?

Mr. WEINSTOCK. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Joseph Lang, you are in the same association, Mr. Lang?

Mr. LANG. In the Morning Group; yes.

Mr. KENNEDY. What newspapers do you handle?

Mr. LANG. Times, Herald Tribune, Sunday Journal American, and the various miscellaneous papers.

Mr. KENNEDY. And you employ some 22 men; is that correct?

Mr. LANG. That is correct.

Mr. KENNEDY. And 10 extra men on part time?

Mr. LANG. Yes.

Mr. KENNEDY. Your year's gross sales amount to about \$1,500,000?

Mr. LANG. Yes.

Mr. KENNEDY. Did you make any payments to any union official; that is, from your company funds?

Mr. LANG. I respectfully decline to answer that question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Mr. Joseph Lang is the sole owner of the Lang News Co., which is another major company in the New York area, Mr. Chairman.

You will give us no information in connection with any payments that you have made to any union official?

Mr. LANG. I would have to decline to answer that.

The CHAIRMAN. Tell me, just what is your connection with the papers or publications? You contract with them to distribute their papers, do you?

Mr. LANG. That is correct.

The CHAIRMAN. In other words, you have a contract whereby you become the sole distributor and you carry that out in distributing the papers to the retail markets?

Mr. LANG. That is correct, sir.

The CHAIRMAN. That is a negotiated contract or a bid contract?

Mr. LANG. It is not a bid contract.

The CHAIRMAN. It is more or less negotiated?

Mr. LANG. My company is 58 years old.

The CHAIRMAN. How old?

Mr. LANG. Fifty-eight years old.

The CHAIRMAN. It is an old, established company?

Mr. LANG. An old, established company.

The CHAIRMAN. I would say, having been in business that long, you would assume it to be a reputable company?

Mr. LANG. I would say so; yes, sir.

The CHAIRMAN. And you are handling the morning publications in New York?

Mr. LANG. Only morning newspapers.

The CHAIRMAN. That would include the New York Times, the Herald, and what other morning papers?

Mr. LANG. The Sunday Journal American, which is morning on Sunday, if you get what I mean. It comes out in the morning on Sunday.

The CHAIRMAN. Yes.

Mr. LANG. And various miscellaneous publications such as the Wall Street Journal, the Journal of Commerce, and some 10 or 12 foreign-language newspapers.

The CHAIRMAN. Mr. Lang, it does seem to me, and it might seem that way to the public, which is interested in this problem that engages

the committee's time and effort, that a reputable company, which has been in business that long, would be assumed not engaged in any kind of operation that it would likely incriminate one of its officers to testify to its financial transactions.

Do you want to leave the impression there that you cannot testify to this financial transaction of what has become of this money, without possibly incriminating yourself?

Mr. LANG. Yes.

The CHAIRMAN. That is the impression you want to leave. Well, it may be accurate, but I am just trying to get the picture of this thing.

Here are the largest metropolitan papers in the country. Maybe they are wholly innocent in this thing. But they are having contracts with people who may have to, I don't know—but you ought to say so if you do—have to pay tribute somewhere or pay off somebody in order to engage in a legitimate business in this country.

These are the things that we are trying to ferret out here, trying to bring out, to find out where the evil is, what the improper practices are, in order to give the Congress the information so that it might legislate to prevent it and make the country safe for legitimate business enterprises, and legitimate labor unions to operate without having to pay illegal tribute to anyone.

That is what we are trying to do. It seems to me like good citizens would want to help us in this job. Wouldn't you like to help? Wouldn't you like to step out boldly and help us clean this thing up?

Mr. LANG. I would, but I still have to answer the way I did.

The CHAIRMAN. You would like to, but you can't. We have a lot of business people, I assume, and a lot of labor people, too, who are under some kind of compulsion, such as you feel here now, some kind of compelling restraint that makes it advisable to them from their viewpoint, at least, that they not cooperate, that they not tell us what they know, that they withhold from their Government information that it needs to properly legislate in this field.

That is what we are confronted with, isn't it? It is a pretty sad commentary on America, when we have a situation like that existing in the country. I think down in your heartfi whatever you can do or not do here, I think you would like to see this thing cleaned up.

Wouldn't you? Or do you prefer it this way? Take your choice.

Mr. LANG. If you will pardon me, Senator, I can't make any comment on that.

The CHAIRMAN. Well, it is a pitiful situation, if you can't. Proceed.

TESTIMONY OF ROBERT J. COFINI—Resumed

Mr. KENNEDY. Mr. Cofini, you made a study of the Lang News Co.

Mr. COFINI. Yes.

Mr. KENNEDY. Did we also find cash withdrawals from this company?

Mr. COFINI. Yes; we do.

Mr. KENNEDY. Would you relate what you found?

Mr. COFINI. We examined the records for a 4-year period, from 1955 through 1958, and we found checks drawn payable to cash amounting to a total of \$19,320 which were all charged to an account

called promotional expenses, for which, again, there were no supporting vouchers of any kind.

Mr. KENNEDY. Do you have any of those checks?

Mr. COFINI. Yes, I do.

Mr. KENNEDY. Could you tell us how you used this money, Mr. Lang?

Mr. LANG. I must decline to answer that respectfully on the ground my answer might tend to incriminate me.

Mr. KENNEDY. These are periodic withdrawals of cash, are they?

Mr. COFINI. Yes, they are.

Mr. KENNEDY. Did you pay any of this \$19,000 to any union official, Mr. Lang?

Mr. LANG. I must decline to answer that on the same ground.

Mr. KENNEDY. Could we have these identified for the record, Mr. Chairman?

The CHAIRMAN. I hold in my hand a packet of photostatic documents which you have just handed up, Mr. Witness. What are they?

Mr. COFINI. These are checks drawn payable to cash by Lang News Co.

The CHAIRMAN. Do you know how many there are? Are there some 40, 50 or 60?

Mr. COFINI. About 60 checks.

The CHAIRMAN. About 60 checks?

Mr. COFINI. That is right.

The CHAIRMAN. They may be made Exhibit No. 5 in bulk.

(Checks referred to were marked Exhibit No. 5 for reference and may be found in the files of the select committee.)

The CHAIRMAN. I now present them to the witness Mr. Lang.

I ask you to examine them and state if you identify them as photostatic copies of the original checks of your company.

(The documents were handed to the witness.)

Mr. LANG. Yes; they are.

The CHAIRMAN. They range in what amount, Mr. Cofini?

Mr. COFINI. The amounts vary from \$100 to \$750. There is no set pattern here, as there was in the previous instance.

The CHAIRMAN. Except periodically, regularly, once a week?

Mr. COFINI. Well, not quite as often as once a week.

The CHAIRMAN. I beg your pardon?

Mr. COFINI. Not quite as often as once a week.

The CHAIRMAN. But what does it total over a period of time? You may have already stated it.

Mr. COFINI. For a period of 4 years, from January 1, 1955, to December 31, 1958, they totaled \$19,320.

The CHAIRMAN. How much?

Mr. COFINI. \$19,320.

The CHAIRMAN. This is on a smaller scale. This is a smaller operation, the Lang Co.?

Mr. COFINI. Yes; it is.

The CHAIRMAN. A smaller operation?

Mr. COFINI. Yes.

The CHAIRMAN. But do you find this running through all these distributors?

Mr. COFINI. Yes, I do.

The CHAIRMAN. In other words, there is some pattern, some fixture or something that attached, apparently, to all of them?

Mr. COFINI. To all of the distributors; that is correct.

The CHAIRMAN. They all are operating, at least, in this fashion, drawing out checks periodically for cash and you find no vouchers for them, no invoices, and you can't get them to tell you what goes with the money?

Mr. COFINI. That is correct.

Mr. KENNEDY. Mr. Weinberg, you are the partner of the Weinberg News Co.; is that right?

Mr. WEINBERG. That is right.

Mr. KENNEDY. You have about 30 unionmen working for you?

Mr. WEINBERG. Approximately.

Mr. KENNEDY. You are a member of the Morning Wholesalers Group; is that correct?

Mr. WEINBERG. I am.

Mr. KENNEDY. Recently you expanded your enterprise and formed a new company known as the Long Island News Co.?

Mr. WEINBERG. That is correct.

Mr. KENNEDY. And you distribute morning newspapers in Nassau and Suffolk Counties; is that right?

Mr. WEINBERG. In Nassau.

Mr. KENNEDY. What?

Mr. WEINBERG. In Nassau.

Mr. KENNEDY. Not Suffolk?

Mr. WEINBERG. Not Suffolk.

Mr. KENNEDY. In connection with the activities of either one of these companies, have you taken any of the company funds to pay off any union official?

Mr. WEINBERG. I respectfully decline to answer that question on the ground the answer might tend to incriminate me.

Mr. KENNEDY. Mr. Cofini, could you tell us what the examination of his books showed?

Mr. COFINI. We examined the records of Weinberg News Co., for the period January 1, 1954, to December 31, 1958. In the case of Weinberg News, we didn't find any checks drawn payable to cash, and most of the expenditures are made through a petty cash fund, where they are actually taken out in cash and the amount is charged to a promotion expense account.

The CHAIRMAN. Charged to what?

Mr. COFINI. Promotion expense.

The CHAIRMAN. Promotion expense?

Mr. COFINI. That is correct.

Mr. KENNEDY. What was the total for that period of time?

Mr. COFINI. The total for that period was \$11,589.97.

The CHAIRMAN. What is the net income of this company, approximately, or what is the gross income or whatever it is?

Mr. LANG. The gross business he gave.

Mr. GELB. He gave the gross business.

The CHAIRMAN. That is what I mean.

Mr. KENNEDY. Maybe you can tell us if you know.

Mr. WEINBERG. I would say roughly, to my best recollection, about \$1,800,000 or \$1,700,000.

Mr. KENNEDY. And you handle the same newspapers we have discussed here?

Mr. WEINBERG. In the city, in the Weinberg News Co., I handle the same papers as Mr. Lang and Mr. Weinstock.

Mr. KENNEDY. What about out further?

Mr. WEINBERG. There we have other publications.

Mr. KENNEDY. Such as what?

Mr. WEINBERG. Such as the Mirror, the Press, the Inquirer, the afternoon papers, the Telegram, the Post, the Press.

The CHAIRMAN. Let me ask you gentlemen this question, and I want each of you to answer or refuse to answer as you care to do.

Do the publishers of these papers, the people with whom you make your contract, with whom you negotiate your contract, know of these money manipulations? Are they familiar with the fact that you may have to pay out some of this money in the fashion that you do?

Mr. LANG. Do you want me to answer first?

The CHAIRMAN. Yes.

Mr. LANG. I decline to answer on the same grounds, respectfully.

The CHAIRMAN. Who do you make your contract with? Who do you negotiate with? Who represents the publication? Give me the names of some of them.

Mr. LANG. In each newspaper it is usually the circulation director.

The CHAIRMAN. The circulation director of these papers?

Mr. LANG. That is right.

The CHAIRMAN. How about you?

Mr. WEINBERG. I don't make a contract.

The CHAIRMAN. I cannot hear you.

Mr. WEINBERG. By the term "contract," what do you mean?

The CHAIRMAN. Well, that you have a right, where they contract with you to make these deliveries.

Mr. KORKUS. I can help you, if you will let me. May I help you, Senator?

I represent all these people for many years, and my father before me. There is no contract with the large publications, such as the Times or the Herald Tribune or any of those papers.

The CHAIRMAN. No contract?

Mr. KORKUS. No contract. It simply is a day-to-day arrangement. Any time that the publisher desires——

The CHAIRMAN. There may be an oral contract.

Mr. KORKUS. Well, it simply goes on, so long as the publisher is willing to let this company handle that publication in that district. Any time the publisher desires to take away that delivery from any particular company, it does so.

The CHAIRMAN. Well, it is not a time contract.

Mr. KORKUS. I didn't want you to be misled, because you are talking about negotiating and a lawyer and all of that. This is not negotiated.

The CHAIRMAN. It is an implied contract to continue until one of the parties decides to quit it.

Mr. KORKUS. I wanted you to understand it.

The CHAIRMAN. An oral contract?

Mr. KORKUS. That is right. And in the foreign publications there are written contracts.

The CHAIRMAN. There has to be some agreement, expressed, implied, or understood. If you are working for somebody and they pay you, you do the work and they pay you. That is a contractual relationship.

What I am trying to determine is if the circulation manager or whoever you deal with in these papers, is he cognizant of the fact or is he advised or informed or does he know that you have to handle certain moneys in the fashion of these checks in order to operate without trouble or for whatever purpose the money is used?

Mr. WEINBERG. I respectfully decline to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. What do you say about it?

Mr. WEINSTOCK. I say, sir, I respectfully decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. I should think, and I may be mistaken, that the circulation managers or personnel or whoever you deal with for these papers would want the record cleared up. I hope they are not under the restraint that you are, that they can't clear up the record. They possibly know nothing about it; I don't know.

If they don't, I would like to establish that because here is being presented the evidence, and the record is being made, that those who think that when one takes the fifth amendment on a business transaction of this kind, you get the impression that there may be something wrong with the transaction.

There are those who think that, and I am inclined to think some will think that. If there is nothing wrong with it, and if the papers, the publications and their representatives are wholly innocent in it, I should think they would want to straighten out this record. I hope they will come forth and do that.

Do you agree with me, Senator Ervin?

Senator ERVIN. I was thinking that George Washington was inaugurated as the first President of the United States in New York City. If he looks down from the spirit world on that city and sees that its businessmen are paying tribute in some form to some invisible government and haven't the courage to stand up and tell the Congress of the United States the truth about it so that they can do something to put an end to it, he must sometimes think that he was a blamed fool for suffering as he did at Valley Forge in order that this country might be free.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. That is all for these witnesses.

The CHAIRMAN. I certainly don't want to reflect on the finest publications in this country. If they are innocent in this thing, I would like them to step forth and say so. It just cannot help but make a sordid picture for the country to look at, people dealing with these papers, the distributors who come up here with a bundle of checks like this for cash in each instance, being scattered around with no explanation of it, nothing to justify it so far as records are concerned.

When you ask about it, they say, "Well, I can't talk. I might incriminate myself." It is a kind of sordid picture.

Senator ERVIN. I think businessmen ought to realize that the legislators cannot pass any laws to put an end to things of this character unless they find out what is happening and who is doing these

things. If businessmen prefer to pay tribute rather than to assist their Government, they have only themselves to blame.

The CHAIRMAN. Is there anything further of these witnesses?

Mr. KENNEDY. No; that is all.

The CHAIRMAN. I will give you one last chance. Do any of you want to tell us the truth about this matter? How about you? This is your last chance? Do you want to tell the truth about it?

Mr. LANG. I can't say anything more than I have.

The CHAIRMAN. How about you?

Mr. WEINBERG. No.

The CHAIRMAN. How about you?

Mr. WEINSTOCK. No, sir.

The CHAIRMAN. Stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Gaynor, Mr. Gelfand, Mr. Klinghoffer.

Mr. Chairman, we also expected to have the Somykas here today, but they are not here. We will put some testimony in connection with them into the record. They know they have had a chance to testify and they probably will be called tomorrow.

The CHAIRMAN. We have three witnesses now. Hold up your hands and be sworn, each of you.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GAYNOR. I do.

Mr. GELFAND. I do.

Mr. KLINGHOFFER. I do.

TESTIMONY OF SAM KLINGHOFFER, JAMES GAYNOR, AND BENJAMIN GELFAND, ACCOMPANIED BY COUNSEL, JULIUS KASS

The CHAIRMAN. Beginning on my left, will you give us your name, your place of residence, and your business or occupation.

Mr. KLINGHOFFER. Sam Klinghoffer.

The CHAIRMAN. Spell it, please.

Mr. KLINGHOFFER. K-l-i-n-g-h-o-f-f-e-r.

The CHAIRMAN. Your residence and your business or occupation.

Mr. KLINGHOFFER. Newark Newsdealers Supply Co., distributors of newspapers. I am president of the company.

The CHAIRMAN. All right.

Next?

Mr. GAYNOR. James Gaynor, G-a-y-n-o-r, 2575 Overlook Road, New Rochelle; wholesale distributor of newspapers and magazines.

Mr. GELFAND. Benjamin Gelfand, 321 North Fifth Avenue, Highland Park, N.J.; wholesale distributor of newspapers and magazines.

The CHAIRMAN. Counsel, identify yourself.

Mr. KASS. Julius Kass, 261 Madison Avenue, N.Y.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, this is a second group. We are going to have representatives from each group before the committee.

The CHAIRMAN. What does this group represent?

Mr. KENNEDY. This is the suburban news group.

Mr. KASS. The Suburban Wholesalers Association is the correct name.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Mr. Gaynor, you handle newspapers, do you?

Mr. GAYNOR. Yes, I do.

Mr. KENNEDY. In what area? That is the Suburban Wholesalers News.

Mr. GAYNOR. In Westchester and Connecticut.

Mr. KENNEDY. What newspapers do you handle?

Mr. GAYNOR. The Times, Tribune, News, Mirror, American.

Mr. KENNEDY. Both morning and afternoon papers?

Mr. GAYNOR. Yes.

Mr. KENNEDY. That is in the suburban area outside of New York City and outside of Long Island?

Mr. GAYNOR. That is correct.

Mr. KENNEDY. How many are in your organization, approximately?

Mr. GAYNOR. I would say about 10.

Mr. KENNEDY. About 10.

Your company, the Gaynor News Co., and its subsidiaries, which are the Standard News Co.; United Magazine Distributors, Inc.; United Magazine Deliverers of Connecticut, Inc.; and the Unity News Co., Inc.; the Gaynor News Co., and these subsidiaries do approximately \$8 million a year in gross business?

Mr. GAYNOR. Approximately.

Mr. KENNEDY. Your company employs about 100 union employees?

Mr. GAYNOR. I would say approximately.

Mr. KENNEDY. How long has your company been in operation?

Mr. GAYNOR. I would say since about 1910, somewhere around there.

Mr. KENNEDY. Have you used any of the company money to pay to any union official?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

TESTIMONY OF ROBERT J. COFINI—Resumed

Mr. KENNEDY. Mr. Cofini, could you tell us what the situation is?

The CHAIRMAN. What is the name of this witness' company?

Mr. COFINI. Gaynor News Co., Inc.

Mr. KENNEDY. Would you tell us the situation?

Mr. COFINI. Yes. Here we have the situation where there are five companies involved. During my examination, which was from the period January 1, 1955, to December 31, 1958, we found a total of \$64,750 in checks which were drawn payable to James B. Gaynor.

The only support for these checks was a voucher which Mr. Gaynor prepares, which he just marks expenses, or expenses with publishers, and that is about it, without any other support of any kind.

Mr. KENNEDY. No supporting vouchers or independent vouchers?

Mr. COFINI. That is correct.

Mr. KENNEDY. Just a voucher or statement submitted by him that he had expenses amounting to three, four, five, or six hundred dollars?

Mr. COFINI. That is correct.

Mr. KENNEDY. For the period of time of 1955 through 1958, to Mr. Gaynor alone there were payments of \$64,750 in that fashion.

Mr. COFINI. That is correct.

Mr. KENNEDY. That was in that fashion?

Mr. COFINI. In that fashion; right.

The CHAIRMAN. Is this in addition to his salary or other compensation?

Mr. COFINI. This is in addition to salary.

The CHAIRMAN. All of this is some statement he signed, just expense without any identification or inventory of it?

Mr. COFINI. That is correct. They were all charged to an account called agent's expense.

The CHAIRMAN. Called what?

Mr. COFINI. Agent's expense.

The CHAIRMAN. Was anything else charged to that account?

Mr. COFINI. No. Well, there were other men who draw agent's expense, but they seem to be legitimate.

Mr. KENNEDY. Could you tell us what you did with that money, or any part of it?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. This thing gets a little intriguing. Is there some collusion up there between management and labor officials whereby the people who do the work are not fully protected and both management gets some advantage of it as well as the labor leader or boss who may be paid off? Is there a situation like that? Can you deny that that situation exists?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. All of your employees are members of this union, are they not, so far as you know? Is that correct?

(Witness conferred with his counsel.)

Mr. GAYNOR. All regular situation holders.

The CHAIRMAN. All your regular employees are members of the union.

Is that true with each of you?

Mr. GELFAND. Yes.

Mr. KLINGHOFFER. Yes.

The CHAIRMAN. Is that true with yours?

Mr. GELFAND. Yes, sir.

The CHAIRMAN. So then, if this money is paid to some union official or union representative, will you tell us how the union member, the worker, gets any benefit from this payment? Can you think of anything that he might benefit in any way from it?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. Will you be a witness for the workingman one time and tell us about it on that basis?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

Mr. KENNEDY. We find also in addition to the \$64,000, there were checks made payable to cash by the Gaynor News Co., Inc.?

Mr. COFINI. Yes, there was.

Mr. KENNEDY. They were during 1954, 1955, 1956, 1957, and 1958, and they totaled \$24,000?

Mr. COFINI. \$24,000; that is correct.

Mr. KENNEDY. Were there any vouchers for them?

Mr. COFINI. No, there were no vouchers supporting them at all.

Mr. KENNEDY. These checks were all drawn at the beginning of each and every month during the 4-year period?

Mr. COFINI. That is correct.

Mr. KENNEDY. All in the same amount?

Mr. COFINI. Yes.

Mr. KENNEDY. \$200 per month?

Mr. COFINI. \$200 for Gaynor News.

Mr. KENNEDY. And \$100 for each of the other companies?

Mr. COFINI. That is correct.

Mr. KENNEDY. They were all charged to promotional expenses with no vouchers and they totaled to \$24,000?

Mr. COFINI. That is correct.

Mr. KENNEDY. Would you tell us what you did with the \$24,000?

Mr. GAYNOR. Upon advice of counsel I respectfully refuse to be a witness against myself and claim the protection of the Bill of Rights of the United States Constitution.

Mr. KENNEDY. These checks as well as the other checks, they were all cashed?

Mr. COFINI. That is correct.

Mr. KENNEDY. And the other checks were cashed, the \$64,000, taken to the bank?

Mr. COFINI. Taken to the bank or through the petty cash fund of Gaynor News. That is right.

The CHAIRMAN. Are each of these gentlemen officials in that company?

Mr. KENNEDY. That is the one company.

Mr. COFINI. Mr. Gaynor is president of Gaynor News.

The CHAIRMAN. The other two are from other companies?

Mr. COFINI. Yes.

The CHAIRMAN. Mr. Gaynor is president of this company you have been talking about on \$64,750 and \$24,000?

Mr. COFINI. That is correct.

The CHAIRMAN. Is that right?

Mr. COFINI. That is correct.

The CHAIRMAN. In other words, as president, Mr. Gaynor, you don't claim that you don't know anything about it, do you?

Mr. GAYNOR. Upon advice of counsel, I respectfully refuse to be a witness against myself and claim the protection of the Bill of Rights of the United States Constitution.

The CHAIRMAN. Did Mr. Gaynor have to sign the checks as president?

Mr. COFINI. No, sir, he doesn't.

Mr. KENNEDY. But he received the \$64,000?

Mr. COFINI. He received it, yes. The checks were made payable to James B. Gaynor and endorsed by him.

The CHAIRMAN. And charged to promotional expense?

Mr. COFINI. The checks made payable to him were charged to agent's expense.

Mr. KENNEDY. But on the \$24,000, his initials appear on those checks.

Mr. COFINI. His initials appear on those checks, yes, sir.

The CHAIRMAN. So he is bound to know about it. In one instance he got the money and in the other instance he initialed the check for the money.

Mr. COFINI. That is correct.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Gelfand, you are president of the Union County Newsdealers, Elizabeth, N.J.; the Jersey Coast News Co., Asbury Park, N.J.; and the New Brunswick Newsdealers Supply Co., New Brunswick, N.J.; is that correct?

Mr. GELFAND. Yes, sir.

Mr. KENNEDY. Those companies are engaged in the distribution of magazines and morning and evening newspapers through the New Jersey area?

Mr. GELFAND. Yes, sir.

Mr. KENNEDY. The companies jointly employ some 80 union drivers and about 16 extra employees; is that right?

Mr. GELFAND. I would say so.

Mr. KENNEDY. Approximately?

Mr. GELFAND. Approximately.

Mr. KENNEDY. The gross sales for these companies amount to some \$5.5 million, approximately?

Mr. GELFAND. I would say so, approximately.

Mr. KENNEDY. All of the companies are members of the Suburban Wholesalers Association; is that right?

Mr. GELFAND. Yes, sir.

Mr. KENNEDY. Do you handle New Jersey newspapers as well as New York newspapers?

Mr. GELFAND. Yes.

Mr. KENNEDY. What newspapers?

Mr. GELFAND. In certain areas. The Newark Ledger and Newark News, and possibly local papers also, the New Brunswick papers.

Mr. KENNEDY. What magazines? Do you handle magazines?

Mr. GELFAND. We handle magazines also.

Mr. KENNEDY. What magazines?

Mr. GELFAND. Various national distributors and publishers.

Mr. KENNEDY. Like what?

Mr. GELFAND. S.M., Hearst, McFadden, and most of the others.

Mr. KENNEDY. Have you made any payments to any union officials in connection with the operations of your company?

Mr. GELFAND. Upon advice of counsel I respectfully refuse to be a witness against myself and claim the protection of the Bill of Rights of the United States Constitution.

Mr. KENNEDY. Mr. Chairman, we have not been able to go into all of the companies in the New York area. We have just taken some at random. Mr. Cofini will not testify on all of them.

With some of them, we are in the midst of conducting the investigation but have not finished. Mr. Cofini will only be able to testify on those which he has completed.

The CHAIRMAN. Have you completed the investigation of this company?

Mr. COFINI. No, sir, we have not.

The CHAIRMAN. Have you the checks to find out how much has been paid?

Mr. COFINI. We have part of them.

The CHAIRMAN. As far as you have gone, do you find substantially the same pattern?

Mr. COFINI. No, sir.

The CHAIRMAN. You have not gone that far?

Mr. COFINI. No, sir.

The CHAIRMAN. You cannot say yet?

Mr. COFINI. I cannot say yet.

Mr. KENNEDY. We have not come up with anything at least as of the present time which shows the same kind of a situation?

Mr. COFINI. That is correct.

Mr. KENNEDY. That is, the same checks to cash?

Mr. COFINI. That is correct.

Mr. KENNEDY. We have not finished the investigation, but at least at the present time we have no information on which to base any questions; is that correct?

Mr. COFINI. That is correct.

Mr. KENNEDY. But we will ask you if you have used any of these company funds in order to make payments to union officials.

Will you tell me that?

Mr. GELFAND. Upon advice of counsel, I respectfully refuse to be a witness against myself and claim the protection of the Bill of Rights of the U.S. Constitution.

Mr. KENNEDY. Mr. Klinghoffer, you are president of the Newark Newsdealers Supply Co., Inc.?

Mr. KLINGHOFFER. Yes, sir.

Mr. KENNEDY. And you are engaged in the business of distributing morning and evening papers and magazines in Essex, Morris, and Sussex Counties in New Jersey?

Mr. KLINGHOFFER. Yes, sir.

Mr. KENNEDY. You have been a member of the union since 1928; is that correct?

Mr. KLINGHOFFER. That is right, sir.

Mr. KENNEDY. Your company hires about 135 regular union drivers and approximately 30 extra or part-time drivers; is that right?

Mr. KLINGHOFFER. Yes.

Mr. KENNEDY. Your gross sales were over \$6 million a year?

Mr. KLINGHOFFER. Yes, sir.

Mr. KENNEDY. What newspapers do you handle?

Mr. KLINGHOFFER. All New York newspapers and the Newark Ledger.

Mr. KENNEDY. And you are a member of the Suburban Wholesalers Association?

Mr. KLINGHOFFER. Yes, sir.

Mr. KENNEDY. Have you used any of your company funds to make payoffs to any union officials?

Mr. KLINGHOFFER. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. Let me ask you folks this question, each of you: The papers that you represent, or the magazine companies, do they have any knowledge of these payoffs?

Mr. KLINGHOFFER. Upon advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. What do you say? The same thing?

Mr. GAYNOR. The same thing.

The CHAIRMAN. You don't want to be a witness against yourself.

Would you be a witness against them if they know about it?

Mr. GAYNOR. On advice of counsel, I respectfully refuse to be a witness against myself, and claim the protection of the Bill of Rights of the U.S. Constitution.

The CHAIRMAN. Do you say the same thing?

Mr. GELFAND. Yes, sir.

The CHAIRMAN. You can't testify either, without possible self-incrimination on this point; is that right?

Mr. GELFAND. That is right.

The CHAIRMAN. Name the papers and the magazines, these publications, that you handle, please.

Mr. KLINGHOFFER. Well, I handle the New York Times, the Herald Tribune, the New York Daily News, the New York Mirror.

The CHAIRMAN. The same ones as testified to before? The morning group?

Mr. KLINGHOFFER. That is right.

The CHAIRMAN. Is that true with all of you?

Mr. KENNEDY. And the afternoon also.

Mr. KLINGHOFFER. And the afternoon also.

Mr. KENNEDY. These people handle both.

The CHAIRMAN. You handle both?

Mr. KLINGHOFFER. Yes.

The CHAIRMAN. In addition to the morning group, give us the afternoon group that you handle.

Mr. KLINGHOFFER. New York World Telegram, New York Journal American, New York Post.

The CHAIRMAN. Those would be the afternoon papers?

Mr. KLINGHOFFER. Yes.

The CHAIRMAN. And your testimony with respect to whether they know about this little dark, deep secret, whether they know about it, your testimony would be the same as the others, that you can't talk about it without possible self-incrimination; is that right?

Mr. KLINGHOFFER. That is right, sir.

The CHAIRMAN. Does that apply to all of you gentlemen?

Mr. GELFAND. Yes, sir.

Mr. GAYNOR. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Because of a mixup, we do not have Mr. Somyak here. Mr. Arthur Somyak was former president of the Rockaway News Supply Co., and Mr. William Somyak was a former vice president of the Rockaway News Supply Co.

But we have given them a number of opportunities to explain the situation as far as their companies are concerned. We expect to have them as witnesses tomorrow. But they were members prior to the

time that this company went into bankruptcy, they were members of the Suburban group.

Mr. Arthur Somyak was the former president of the Rockaway News Supply Co.

I would like to ask Mr. Cofini whether we found in their company large sums of money that were unexplained.

Mr. COFINI. Yes, I did.

The CHAIRMAN. What is the name of this company?

Mr. KENNEDY. Rockaway News Supply Co.

The CHAIRMAN. While you are on the witness stand, testify as to what you found with respect to them.

Mr. COFINI. We examined their records from January 1, 1955, to August 31, 1958, which is approximately the time they went out of business. That is approximately 3½ years.

The CHAIRMAN. All right.

Mr. KENNEDY. Give it for each year.

Mr. COFINI. In each year, starting with 1955, we found a total of \$71,364 in 1955; in 1956, \$46,700; 1957, \$36,630; and 1958, \$24,600.

The CHAIRMAN. How much does that total for 3½ years?

Mr. COFINI. That is \$179,295.

The CHAIRMAN. \$179,000?

Mr. COFINI. And \$295.

The CHAIRMAN. How was it handled; this same fashion?

Mr. COFINI. It was handled in the same fashion. The checks were either made payable to cash or they were drawn payable to the order of one of the Somyaks, and without any supporting vouchers and just charged to travel and entertainment accounts.

The CHAIRMAN. Were there any actual vouchers for it?

Mr. COFINI. There were no actual vouchers for it; no, sir.

The CHAIRMAN. There was nothing, except what the author himself may have written?

Mr. COFINI. That is correct.

The CHAIRMAN. Or the fellow who withdrew it?

Mr. COFINI. That is right.

The CHAIRMAN. Nothing outside reported whatsoever?

Mr. COFINI. Nothing whatsoever.

The CHAIRMAN. Was it in a pattern of regularly once a week or once a month?

Mr. COFINI. No, there was no pattern. It was the occasional drawing of a check.

The CHAIRMAN. In other words, that wasn't at any stated intervals?

Mr. COFINI. There was no set pattern for the drawing.

The CHAIRMAN. That is a pretty big withdrawal, 170-odd thousand dollars.

Mr. COFINI. That is right. It certainly is.

The CHAIRMAN. Is that the largest taken in the same period of time for any that you found?

Mr. COFINI. Yes, sir; it is.

The CHAIRMAN. Actually, I was just recalling the testimony here so far. In other words, this Rockaway Co., apparently, had more withdrawals than any of the others.

Mr. COFINI. That is correct, sir.

The CHAIRMAN. How about the volume of its business as compared to the others?

Mr. KENNEDY. It was one of the largest single distributors on the eastern seaboard.

Mr. COFINI. That is correct.

Mr. KENNEDY. It had some 300 employees?

Mr. COFINI. That is correct.

Mr. KENNEDY. Do you know what its gross business was?

Mr. COFINI. I would say it was around \$8 million, if I recall correctly.

The CHAIRMAN. We had one here of \$9.5 million.

Mr. COFINI. I am not too certain of that.

The CHAIRMAN. You can't be sure?

Mr. COFINI. No, sir.

The CHAIRMAN. It must have been one of the larger ones, with the pattern being unfolded here.

Mr. COFINI. Yes, it was one of the larger ones.

The CHAIRMAN. That is, from the aggregate or total amount expended.

Mr. COFINI. Yes, it was one of the larger ones.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. You may stand aside.

Mr. KENNEDY. Now we will have the evening wholesaler groups, Mr. Chairman.

Mr. Alexander Feldman, Mr. Al Langer, and Mr. Lou Feldman.

The CHAIRMAN. Be sworn, please.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANGER. I do.

Mr. ALEXANDER FELDMAN. I do.

Mr. LOUIS FELDMAN. I do.

TESTIMONY OF ABRAHAM LANGER, ALEXANDER FELDMAN, AND LOUIS FELDMAN, ACCOMPANIED BY COUNSEL, EDWIN KORKUS

The CHAIRMAN. Beginning on my left, state your name, your place of residence, and your business or occupation, please.

Mr. LANGER. Abraham Langer, L-a-n-g-e-r, 28 Strathmore Road, Great Neck, N.Y. I am with the Al Langer News Co., Inc., in Jamaica.

Mr. ALEXANDER FELDMAN. Alexander Feldman, Crescent Beach Road, Glen Cove, Long Island, N.Y.

Mr. LOUIS FELDMAN. I am Louis Feldman, 506 Longacre Avenue, Woodmere, Long Island. I am the sole owner of the Feldman News Co., one of the evening distributors.

The CHAIRMAN. Let the record show the same counsel appears, one of the same, as previously.

Mr. KORKUS. Edwin F. Korkus.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Al Feldman, you are the sole owner of the Woodhaven News Co. in Jamaica?

Mr. ALEXANDER FELDMAN. Yes.

Mr. KENNEDY. You employ some 16 permanent news union members and some 10 extra men on a part-time basis?

Mr. ALEXANDER FELDMAN. Yes, sir.

Mr. KENNEDY. And gross sales of \$400,000 a year?

Mr. ALEXANDER FELDMAN. Yes.

Mr. KENNEDY. What newspapers do you handle?

Mr. ALEXANDER FELDMAN. All the evening newspapers and the bulldog editions of the Mirror——

Mr. KENNEDY. Of New York City?

Mr. ALEXANDER FELDMAN. Yes.

Mr. KENNEDY. That would include what?

Mr. ALEXANDER FELDMAN. The Telegram, the Post, and also the Long Island Press, which is a local paper.

Mr. KENNEDY. And the Journal American?

Mr. ALEXANDER FELDMAN. We handle that in one area, yes, and bulldog editions in the evening, namely the Mirror, the Journal American, and the Herald Tribune.

Mr. KENNEDY. You have recently expanded your business and formed a new company called the Crescent News, to distribute newspapers in Nassau and Suffolk County?

Mr. ALEXANDER FELDMAN. Evening and morning.

Mr. KENNEDY. What papers do you handle there?

Mr. ALEXANDER FELDMAN. All the morning newspapers, the Times, Tribune, and all the evening newspapers.

Mr. KENNEDY. Are you in any other association other than the evening wholesalers group?

Mr. ALEXANDER FELDMAN. The new company is now a member of the morning wholesalers.

Mr. KENNEDY. How long have you been in business?

Mr. ALEXANDER FELDMAN. Well, I have been in business since 1935, and my father for many years before me.

Mr. KENNEDY. How long has this company been in existence, the Woodhaven News Co.?

Mr. ALEXANDER FELDMAN. The company itself for about 50 years.

Mr. KENNEDY. Have you made any payments to any union officials in connection with the operation of your company?

Mr. ALEXANDER FELDMAN. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Were you approached about making any payments? That is, to any union officials?

Mr. ALEXANDER FELDMAN. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

The CHAIRMAN. What kind of impression do you think this is making throughout the country? Here are businessmen in the biggest city in the country, representing what ought to be the highest of integrity, the newspaper business. What kind of impression do you think this is making over the country that you fellows are so involved in some way that you can't talk about it without self-incrimination? Have you any idea?

Mr. ALEXANDER FELDMAN. I am sorry, sir, but I respectfully decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Langer, you are president of the Al Langer News Delivery Corp.?

Mr. LANGER. I am.

Mr. KENNEDY. You are engaged in the business of evening newspaper distribution in the Borough of Queens?

Mr. LANGER. Evening, and what we call the bulldog.

Mr. KENNEDY. As described by this witness?

Mr. LANGER. Yes.

Mr. KENNEDY. You employ some five union drivers?

Mr. LANGER. Right.

Mr. KENNEDY. Your gross sales are \$110,000 a year, approximately?

Mr. LANGER. Yes.

Mr. KENNEDY. You are a member of the Evening Wholesalers Association?

Mr. LANGER. I am.

Mr. KENNEDY. Have you made any payments to union officials out of your company's funds?

Mr. LANGER. I respectfully decline to answer on the ground that my answer might incriminate me.

Mr. KENNEDY. Have you been approached to make any payments to any union official?

Mr. LANGER. I respectfully decline to answer on the ground that the answer might incriminate me.

Mr. KENNEDY. Mr. Lou Feldman, you are the owner of the Feldman News Co.?

Mr. LOUIS FELDMAN. That is right.

Mr. KENNEDY. Of 2545 Atlantic Avenue, Brooklyn, N.Y.?

Mr. LOUIS FELDMAN. That is correct.

Mr. KENNEDY. You are engaged in the business of distributing evening newspapers in the Borough of Brooklyn?

Mr. LOUIS FELDMAN. That is correct.

Mr. KENNEDY. The newspapers that have been discussed here by the previous witnesses?

Mr. LOUIS FELDMAN. That is right.

Mr. KENNEDY. You employ some six union drivers?

Mr. LOUIS FELDMAN. That is correct.

Mr. KENNEDY. And you have gross sales of approximately \$100,000 a year?

Mr. LOUIS FELDMAN. About \$160,000.

Mr. KENNEDY. You are a member of the Evening Wholesalers Association?

Mr. LOUIS FELDMAN. I am, sir.

Mr. KENNEDY. Have you made any payments to any union official?

Mr. LOUIS FELDMAN. I respectfully decline to answer on the ground that the answer might incriminate me.

Mr. KENNEDY. Have you taken any of your company funds to make payments to any union official?

Mr. LOUIS FELDMAN. I respectfully decline to answer on the grounds the answer might tend to incriminate me.

The CHAIRMAN. I thought you said about \$160,000 or \$170,000 a year is our gross income.

Mr. LOUIS FELDMAN. That is right, sir.

The CHAIRMAN. Compared to the ones that got \$1½ million or \$8½ million or \$9½ million, you are rather small in this particular industry, are you not?

Mr. LOUIS FELDMAN. That is correct, sir.

The CHAIRMAN. So it is obvious that if—well, it seems obvious—if they hooked the big ones and have them under their control, they also have the little operator, too, don't they, this group that you can't talk about that I am talking about?

Mr. LOUIS FELDMAN. I respectfully decline to answer on the ground that the answer might incriminate me.

The CHAIRMAN. It seems pretty obvious. I don't think it needs an answer. Proceed.

Mr. KENNEDY. Mr. Chairman, I left out one individual I wanted to call in connection with this group, Mr. Irving Ertis. Well, he is not with this group. I am finished with this group.

The CHAIRMAN. Has the record of these companies been checked?

Mr. COFINI. No, they have not.

The CHAIRMAN. Are they in process?

Mr. COFINI. Yes, sir; they are.

The CHAIRMAN. All right.

I don't want you to turn state's evidence, but I want you to tell the truth.

Are you in a position to do that without incriminating yourself a little, either one of you? Can you do it without hurting yourself a little?

Mr. ALEXANDER FELDMAN. Sorry, sir; I can't.

The CHAIRMAN. You just can't. You are in that situation.

Well, stand aside.

Mr. KENNEDY. This is the fourth and final group, Mr. Chairman, the magazine association group, I would like to call in that connection.

We have already had Mr. Bitz, a member of that group. We have had Mr. Fello. Mr. Charles Gordon, whom we expected to have, is ill, so we can't have him.

Mr. Michael Spozate we cannot locate. We feel he is avoiding service of the subpoena. We have been looking for him for a number of weeks. Actually, for some 2 months we have been searching for him. The only one left is Mr. Irving Ertis.

The CHAIRMAN. Come forward, Mr. Ertis. Maybe you will be helpful. Be sworn. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ERTIS. I do.

TESTIMONY OF IRVING ERTIS

The CHAIRMAN. Be seated. State your name, your place of residence, and your business or occupation.

Do you have counsel?

Mr. ERTIS. I was supposed to have come tomorrow, the way I understood from my counsel. I was assured I would be called tomorrow.

The CHAIRMAN. You do have counsel?

Mr. ERTIS. Yes, sir.

The CHAIRMAN. Your counsel is not here?

Mr. ERTIS. No, sir.

The CHAIRMAN. You had arranged for him to represent you?

Mr. ERTIS. That is right.

The CHAIRMAN. You understood it to have been tomorrow?

Mr. ERTIS. That is right.

The CHAIRMAN. Then you will be excused until in the morning. Be back in the morning at 10:30.

Is there anything further this afternoon?

Mr. ERTIS. Yes, sir.

You will have your counsel here in the morning, I assume?

Mr. KENNEDY. I would like to call, Mr. Chairman, the union officials. I would like to call Mr. Sam Feldman, Mr. Anthony Finamore, Stanley Lehman, John Lawrence, Harry Waltzer, Joseph Baer, Henry Weinstein and Harry Porter.

The CHAIRMAN. How many are there?

Mr. KENNEDY. There are eight.

The CHAIRMAN. Each of you hold up your right hand.

Mr. KENNEDY. Aren't there eight?

Mr. Feldman?

Mr. FELDMAN. I am here.

Mr. KENNEDY. Mr. Finamore?

Mr. FINAMORE. Right.

Mr. KENNEDY. Lehman?

Mr. LEHMAN. Here.

Mr. KENNEDY. John Lawrence?

Mr. LAWRENCE. Here.

Mr. KENNEDY. Waltzer?

Mr. WALTZER. Here.

Mr. KENNEDY. Joseph Baer?

Mr. BAER. Here.

Mr. KENNEDY. Mr. Henry Weinstein?

Mr. WEINSTEIN. Here.

Mr. KENNEDY. And Mr. Harry Porter?

The CHAIRMAN. Mr. Porter?

Call him in. We will proceed with these.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FELDMAN. I do.

Mr. FINAMORE. I do.

Mr. LEHMAN. I do.

Mr. LAWRENCE. I do.

Mr. WALTZER. I do.

Mr. BAER. I do.

Mr. WEINSTEIN. I do.

TESTIMONY OF SAM FELDMAN, ANTHONY J. FINAMORE, STANLEY J. LEHMAN, JOHN LAWRENCE, JR., HARRY WALTZER, JOSEPH BAER, HARRY WEINSTEIN, AND HARRY PORTER, ACCOMPANIED BY COUNSEL, BENJAMIN SHEDLER

The CHAIRMAN. Beginning on my left, the witness to my left, will you state your name, your place of residence, and your business or occupation?

Mr. FINAMORE. Anthony J. Finamore. I live at 2914 West 30th Street, Brooklyn. I am vice president of the Newspaper Mail Deliverers Union.

The CHAIRMAN. The one in the back?

Mr. BAER. My name is Joseph Baer. I reside at 15 Casper Court in Jersey City, N.J. I am the day business agent.

Mr. FELDMAN. My name is Sam Feldman. I reside at 41 Dorchester Drive, Yonkers. I recently have been defeated as president. I only have one more week to serve.

Mr. WALTZER. My name is Harry Waltzer. I reside at 2 East 53d Street, Brooklyn, N.Y. I am the night business representative of the Newspaper and Mail Deliverers Union.

Mr. LAWRENCE. John Lawrence, 50-12 41st Street, Long Island City, N.Y.; New Jersey business representative in the Newspaper and Mail Deliverers Union.

The CHAIRMAN. Mr. Porter, will you be sworn?

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PORTER. I do.

The CHAIRMAN. Proceed.

Mr. LEHMAN. Stanley J. Lehman. I am the secretary of the Newspaper and Mail Deliverers Union. I reside at 140-06 13th Avenue.

Mr. WEINSTEIN. My name is Henry Weinstein. I live at 337 First Avenue, New York City. I am sergeant at arms.

The CHAIRMAN. What is your name, your place of residence and place of business?

Mr. PORTER. Harry Porter, 330 Belmont Avenue, Newark, N.J.; sergeant at arms.

The CHAIRMAN. Sergeant at arms of what?

Mr. PORTER. Newspaper and Mail Deliverers.

The CHAIRMAN. You keep order; do you?

Mr. PORTER. Yes, sir.

The CHAIRMAN. All right. You have counsel?

Mr. SHEDLER. Benjamin Shedler, 141 Broadway, New York.

The CHAIRMAN. You represent all of them?

Mr. SHEDLER. Yes, sir.

Mr. KENNEDY. Mr. Feldman, you had been president from 1951, is that correct, president of the union?

Mr. FELDMAN. From 1952, Mr. Kennedy.

Mr. KENNEDY. Until yesterday?

Mr. FELDMAN. No. Up until 1955, when I was defeated by Joe Simon, the former president. Then I was reelected in 1956 and then I was defeated yesterday.

The CHAIRMAN. You have real politics, do you?

Mr. FELDMAN. Yes, sir.

Mr. KENNEDY. As president, you received \$600 a month salary and \$200 for expenses; is that correct?

Mr. FELDMAN. Yes, sir.

Mr. KENNEDY. And prior to holding your union office, you were employed by the New York Post?

Mr. FELDMAN. Yes, sir.

Mr. KENNEDY. As what?

Mr. FELDMAN. As a driver.

Mr. KENNEDY. The base pay of the union members is about \$107 a week; is that right?

Mr. FELDMAN. That is correct.

Mr. KENNEDY. But most of the members average about \$150 a week because of overtime?

Mr. FELDMAN. Well, I don't know about that. Some work on a straight scale, some have overtime. I couldn't tell you.

Mr. KENNEDY. Mr. Feldman, have you ever received any money from any of the wholesalers while you were president of the union?

Mr. FELDMAN. I respectfully decline to answer under constitutional rights.

The CHAIRMAN. Including the fifth amendment?

Mr. FELDMAN. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. You have been convicted on one occasion; is that right?

Mr. FELDMAN. I have never been convicted.

Mr. KENNEDY. You were arrested?

Mr. FELDMAN. I was never arrested, Mr. Kennedy.

Mr. KENNEDY. You have no criminal record at all?

Mr. FELDMAN. No, sir.

Mr. KENNEDY. Have you ever approached any of the wholesalers to receive any money from them, Mr. Feldman?

Mr. FELDMAN. I respectfully decline to answer on the constitutional grounds.

Mr. KENNEDY. Have you ever approached any representatives of any of the newspapers directly to receive any money from them?

Mr. FELDMAN. I respectfully decline to answer under my constitutional rights.

Mr. KENNEDY. Mr. Lehman, you were secretary-treasurer of the union?

Mr. LEHMAN. Yes, sir.

Mr. KENNEDY. And you also received \$600 a month and \$200 expenses; is that right?

Mr. LEHMAN. I get \$150 a week salary.

Mr. KENNEDY. How much?

Mr. LEHMAN. \$150 a week salary.

Mr. KENNEDY. Do you know Mr. Irving Bitz?

Mr. LEHMAN. Yes, sir.

Mr. KENNEDY. Have you ever received any money from him?

Mr. LEHMAN. I respectfully decline to answer under my constitutional rights.

Mr. KENNEDY. Have you ever received any money from any wholesaler in the New York area?

Mr. LEHMAN. I respectfully decline to answer under my constitutional rights.

The CHAIRMAN. We had testimony this morning that this fellow Bitz is pretty powerful. Is he the kingfish over all of you? Is that what you would say?

Mr. LEHMAN. I wouldn't know, sir.

The CHAIRMAN. You don't know. Proceed.

Mr. KENNEDY. Mr. Lawrence, you were business agent for the union?

Mr. LAWRENCE. Yes, sir.

Mr. KENNEDY. And, as such, you received a salary of some \$500 a month and \$200 expenses?

Mr. LAWRENCE. Yes, sir.

Mr. KENNEDY. You have recently been arrested in connection with the alleged slashing of tires on Long Island?

Mr. LAWRENCE. Yes, sir.

Mr. KENNEDY. Do you know Mr. William Fello?

Mr. LAWRENCE. Yes, sir.

Mr. KENNEDY. Did Mr. William Fello accompany you at the time that you were brought down to the police department for questioning?

Mr. LAWRENCE. I decline—I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Did you have an arrangement with Mr. Fello to permit him to take over the distribution of the newspapers in Long Island?

Mr. LAWRENCE. I respectfully decline to answer on my constitutional rights.

The CHAIRMAN. Did you hear him testify this morning?

Mr. LAWRENCE. What was that, Senator?

The CHAIRMAN. Did you hear him testify here this morning?

Mr. LAWRENCE. Who is that, Senator?

Mr. KENNEDY. Mr. Fello.

Mr. LAWRENCE. Yes, sir.

The CHAIRMAN. There was some testimony about—who was that? He said he raised this boy and he felt like a son to him. That all happened down there on that occasion when you were down there?

Mr. LAWRENCE. I respectfully decline to answer.

The CHAIRMAN. I wanted to know whether you were the boy or the papa. Could you tell me? I am trying to get straightened out as much as we can.

All right. Proceed.

Mr. KENNEDY. Would you answer any questions about your finances at all, Mr. Lawrence?

Mr. LAWRENCE. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Mr. Feldman, would you answer about any of your finances?

Mr. FELDMAN. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Mr. Lehman?

Mr. LEHMAN. I respectfully decline to answer under my constitutional rights.

Mr. KENNEDY. Mr. Waltzer?

Mr. WALTZER. Yes, sir.

Mr. KENNEDY. You are business agent for the union, at a salary of \$500 a month and \$200 expenses?

Mr. WALTZER. Yes, sir.

Mr. KENNEDY. You have been a member of the union since 1930?

Mr. WALTZER. Yes, sir.

Mr. KENNEDY. You were elected business agent 1937 to 1942, and 1949 to 1951, and 1953 to date; is that right?

Mr. WALTZER. Right.

Mr. KENNEDY. While business agent, you were arrested with another business agent, Mr. Buddy Walsh, in an attempted extortion in connection with the Armstrong publications in 1942?

Mr. WALTZER. I respectfully decline to answer on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. You were convicted and sentenced to 2½ to 5 years in—what was it—Sing Sing?

Mr. WALTZER. I respectfully decline to answer on the Constitution. The CHAIRMAN. What was the date of that?

Mr. KENNEDY. 1942.

After your release from jail, you were reelected business agent of the local?

Mr. WALTZER. I went to work for the Daily News, and after my time expired after paying my penalty, I ran for office and was reelected.

Mr. KENNEDY. So that you did go to jail?

Mr. WALTZER. I decline to answer, respectfully, sir.

The CHAIRMAN. You already answered. All right; proceed.

Mr. KENNEDY. While you were in jail, did you receive any money from the union?

Mr. WALTZER. I respectfully decline to answer.

Mr. KENNEDY. Isn't it correct that while you were in jail your salary was paid?

Mr. WALTZER. I respectfully decline to answer.

Mr. KENNEDY. On what ground?

Mr. WALTZER. On the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Have you received any money from any wholesaler or newspaper representative of the New York area?

Mr. WALTZER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. I just want to ask Mr. Baer a question.

You are a business agent and receive the same salary and expenses?

Mr. BAER. Yes, sir.

Mr. KENNEDY. Have you received any money from any wholesaler?

Mr. BAER. No, sir.

Mr. KENNEDY. You have never received any money?

Mr. BAER. No, sir.

Mr. KENNEDY. You never approached any wholesaler to receive any money?

Mr. BAER. No, sir.

Mr. KENNEDY. Mr. Baer has that reputation, Mr. Chairman.

Mr. BAER. Mr. Kennedy, I heard a couple from the News, representing Newsday, make statements this morning about our meeting out at Garden City.

The CHAIRMAN. If you want us to cooperate, don't take the fifth amendment.

Mr. BAER. Senator, I want the whole truth to come about Newsday and what a labor-busting paper Newsday is. This organization of ours has been delivering Newsday for 18 years. They cradled the paper. In other words, when it was born.

The Rockaway News Co. went out of business through bankruptcy. On December 4 or December 5 we came down to Newsday—

The CHAIRMAN. I am sorry. I would like to stay to hear it, but I can't.

Mr. BAER. Senator, you only heard a unilateral report.

The CHAIRMAN. I will hear you in the morning.

Mr. BAER. I want to make a prima facie case for the union.

The CHAIRMAN. The committee will have to stand in recess until 10:30 in the morning. I can't help it. You can give it to the press, but I have to leave.

The session in the morning will be in room 318 in the Old Senate Office Building.

We will stand adjourned until then.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 3:50 p.m., the select committee recessed, to reconvene at 10:30 a.m., Wednesday, May 6, 1959, in room 318, Senate Office Building.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, MAY 6, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES,
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:40 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Frank Church, Democrat, Idaho.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; P. Kenneth O'Donnell, administrative assistant; Paul J. Tierney, assistant counsel; George M. Kopecky, assistant counsel; Walter R. May, assistant counsel; Walter J. Sheridan, investigator; Robert J. Cofini, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the Select Committee present at the convening of the session were Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, could we have Mr. Finamore, Mr. Weinstein, and Mr. Porter, return to the witness stand. We had not finished with them yesterday.

The CHAIRMAN. All of you be seated, please.

TESTIMONY OF ANTHONY J. FINAMORE, HARRY WEINSTEIN, AND HARRY PORTER, ACCOMPANIED BY COUNSEL, BENJAMIN SHEDLER—Resumed

The CHAIRMAN. The witnesses were sworn yesterday, were they not?

Mr. KENNEDY. Yes.

The CHAIRMAN. You will remain under the same oath that you took yesterday, and as you further testify today.

Proceed.

Mr. KENNEDY. Mr. Finamore, you are formerly vice president of the union; is that right.

Mr. FINAMORE. Up until tomorrow.

Mr. KENNEDY. You are still vice president?

Mr. FINAMORE. Seven years I have been in there.

Mr. KENNEDY. Have you ever received any money from any of—

Mr. FINAMORE. I respectfully decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Let the record show, Mr. Reporter, the same counsel appears today as of yesterday.

Mr. KENNEDY. Let me repeat my question.

Have you received any money from any of the wholesalers or any of the newspapers in New York?

Mr. FINAMORE. I respectfully decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Would you give us any information on any of your finances, Mr. Finamore?

Mr. FINAMORE. I respectfully decline to answer on the same grounds.

Mr. KENNEDY. Mr. Weinstein, you are sergeant-at-arms of the union?

Mr. WEINSTEIN. Yes, sir.

Mr. KENNEDY. Have you received any money from any of the wholesalers or any of the newspapers?

Mr. WEINSTEIN. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Would you give the committee any information on your finances?

Mr. WEINSTEIN. No.

Mr. KENNEDY. On what grounds?

Mr. WEINSTEIN. My constitutional rights.

Mr. KENNEDY. Mr. Porter, you are sergeant-at-arms of the union?

Mr. PORTER. Yes.

Mr. KENNEDY. Have you received any money from any of the wholesalers or any of—

Mr. PORTER. I respectfully—

Mr. KENNEDY. Would you wait until I finish?

Any of the wholesalers, or newspapers or magazines of the New York area?

Mr. PORTER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Would you give the committee any information regarding your finances?

Mr. PORTER. I respectfully decline to answer.

Mr. KENNEDY. Mr. Chairman, that is the nine officers of the union, and only one of them is prepared to say that he has not received any money from any of the wholesalers or any of the newspapers or magazines, and of course, yesterday we also had the wholesalers appear before us.

The CHAIRMAN. I believe only one of the wholesalers agreed that he had paid money.

Mr. KENNEDY. That was a newspaper publisher.

The CHAIRMAN. Only one representing management would open up and testify.

Mr. KENNEDY. All of the others took the fifth amendment.

The CHAIRMAN. We have just about a balance here between management and labor in this particular field as to the necessity they feel for invoking the fifth amendment.

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. I am sure it makes a pretty spectacle out over the country to have such characters either in business or in labor and certainly when they conspire together the public doesn't benefit from it.

All right. Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator MUNDT. I have no questions.

Mr. KENNEDY. I would like to call the executive council of the union, Mr. Chairman: Irvin Reben, Joseph Ricciardi, Nicholas Scanlon, and Vincent Setteducato.

The CHAIRMAN. The four witnesses will be sworn.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. REBEN. I do.

Mr. RICCIARDI. I do.

Mr. SCANLON. I do.

Mr. SETTEDUCATO. I do.

TESTIMONY OF IRVIN REBEN, JOSEPH RICCIARDI, NICHOLAS SCANLON, AND VINCENT SETTEDUCATO, ACCOMPANIED BY COUNSEL, BENJAMIN SHEDLER

The CHAIRMAN. Beginning on my left, state your name, your place of residence, and your business or occupation.

Mr. SCANLON. Nicholas Scanlon.

The CHAIRMAN. How do you spell your last name?

Mr. SCANLON. S-c-a-n-l-o-n.

The CHAIRMAN. Give your place of residence and your business or occupation.

Mr. SCANLON. Ninety 64th Street, West New York, N. J.

The CHAIRMAN. What is your business or occupation?

Mr. SCANLON. Route man for the New York World-Telegram and Sun.

The CHAIRMAN. All right.

The next, will you identify yourself?

Mr. RICCIARDI. Joseph Ricciardi, R-i-c-c-i-a-r-d-i.

The CHAIRMAN. Your address?

Mr. RICCIARDI. 1858 80th Street, Brooklyn, N. Y.

The CHAIRMAN. What is your business or occupation?

Mr. RICCIARDI. Route man for the Brooklyn Daily.

The CHAIRMAN. The next one, will you please give your name?

Mr. SETTEDUCATO. Vincent Setteducato, S-e-t-t-e-d-u-c-a-t-o.

The CHAIRMAN. I am asking you primarily to spell your names to enable the press to get your names correctly. They asked me, and so I will ask you to cooperate with us at least to that extent, to get your names spelled right. I like to see mine spelled correctly.

Mr. SETTEDUCATO 147 Beverly Road, Grasmere, Stanten Island, N. Y.

The CHAIRMAN. What is your work or what do you do?

Mr. SETTEDUCATO. Route man for the New York Daily Mirror.

The CHAIRMAN. And the next one?

Mr. REBEN. Irving Reben, R-e-b-e-n, 81 Ocean Parkway, Brooklyn, N. Y. I am a route man for the New York Journal American.

The CHAIRMAN. Thank you.

Proceed, Mr. Kennedy.

Let the record show there is the same counsel appearing for you as appeared for the preceding witnesses.

Senator MUNDT. May I ask Mr. Scanlon, and he can probably answer for all of them. What is the meaning of the term "route man"? What does that mean?

Mr. SCANLON. Delivering newspapers to various stands.

Senator MUNDT. It has nothing to do with taking up subscriptions or anything of that kind, but just delivering the papers on the route?

Mr. SCANLON. Yes.

Senator MUNDT. That is the same for all of these gentlemen?

Mr. SCANLON. Yes, sir.

The CHAIRMAN. Let us get the relation here. Are you employed as laborer or do you contract to do this work or do you simply buy the papers and deliver them yourself?

Mr. SCANLON. We are employed by the publisher.

The CHAIRMAN. You are an employee of the publisher?

Mr. SCANLON. Yes, sir, the World Telegram.

Senator MUNDT. That means each of the four of you have different employers, you work for different newspapers?

Mr. SCANLON. Yes, sir.

Senator MUNDT. You are competitors, as it were?

Mr. SCANLON. That is right.

Mr. KENNEDY. Mr. Reben, are you on the executive council?

Mr. REBEN. I was. I am off it now, as of tomorrow.

Mr. KENNEDY. How long had you been a member of the executive council of the union?

Mr. REBEN. I think it is 5 years.

Mr. KENNEDY. And it is the executive council of the union?

Mr. REBEN. Yes, sir.

Mr. KENNEDY. How many members are there on the executive council?

Mr. REBEN. Ten.

Mr. KENNEDY. These other three gentlemen are on it with you?

Mr. REBEN. Yes.

Mr. KENNEDY. Do you have any information regarding any payments that have been made by any of the wholesalers to any of the union officials or members of the executive council?

Mr. REBEN. I respectfully decline to answer on the constitutional rights.

Mr. KENNEDY. Have you yourself received any payments from any of the wholesalers or from any of the newspapers other than your salary? Have you received any such payments?

Mr. REBEN. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Mr. Ricciardi—

The CHAIRMAN. Do you honestly feel, Mr. Reben, if you answered that question truthfully as to whether you had received money, that a truthful answer might tend to incriminate you?

Mr. REBEN. Yes, sir.

The CHAIRMAN. You honestly believe that?

Mr. REBEN. Yes, sir.

The CHAIRMAN. Is that what you are swearing?

Mr. REBEN. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Ricciardi, do you know of any payments made to any union officials or members of the executive board?

Mr. RICCIARDI. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Have you yourself received any such payments, Mr. Ricciardi?

Mr. RICCIARDI. I respectfully decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Scanlon, do you know of any payments that have been made by any of the wholesalers to any union officials or members of the executive board?

Mr. SCANLON. I respectfully decline to answer on the ground it may incriminate me.

Mr. KENNEDY. Have you yourself received any such payments?

Mr. SCANLON. I respectfully decline to answer on the ground it may incriminate me.

Mr. KENNEDY. Mr. Setteducato, do you know of any payments made to any of the union officials or members of the executive board by any of the wholesalers?

Mr. SETTEDUCATO. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Have you yourself received any such payments?

Mr. SETTEDUCATO. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions, Senator Mundt?

Senator MUNDT. I have no questions.

The CHAIRMAN. All right, stand aside.

Call the next witness.

Mr. KENNEDY. Mr. Lubischer, Mr. Aiges, Mr. Chiari, and Mr. Schneider.

The CHAIRMAN. Stand and be sworn.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LUBISCHER. I do.

Mr. AIGES. I do.

Mr. CHIARI. I do.

Mr. SCHNEIDER. I do.

TESTIMONY OF JOHN LUBISCHER, JR., LOUIS AIGES, JOSEPH CHIARI, AND AL SCHNEIDER, ACCOMPANIED BY COUNSEL, BENJAMIN SHEDLER

The CHAIRMAN. Give your name, your place of residence, and your business or occupation, please.

Mr. AIGES. Louis Aiges, A-i-g-e-s, 700 Remsen Avenue, Brooklyn, N.Y. My occupation is a route man for the New York Daily News.

The CHAIRMAN. And the next, please?

Mr. LUBISCHER. John Lubischer, L-u-b-i-s-c-h-e-r, 37 Shady Lane, Fanwood, N.J. I am a route man for the Newark News Dealers Supply Co.

Mr. SCHNEIDER. Al Schneider, S-c-h-n-e-i-d-e-r, 2545 Valentine Avenue, Bronx, N.Y. I am a route man for the New York Daily News.

Mr. CHIARI. Joseph Chiari, C-h-i-a-r-i, 474 Eighth Street, Brooklyn, N.Y. I am chauffeur for the New York Times.

The CHAIRMAN. You are a chauffeur?

Mr. CHIARI. Yes, a driver, a chauffeur route man.

The CHAIRMAN. I understand that. But these others are route men. Is that what you call yourself?

Mr. CHIARI. It is practically the same thing. One serves the route and one brings the papers to the route man.

The CHAIRMAN. I am just trying to get it straight, or the orientation on the thing.

Mr. KENNEDY. Mr. Lubischer, you are a member of the executive council, are you?

Mr. LUBISCHER. Yes, sir.

Mr. KENNEDY. Of the union?

Mr. LUBISCHER. Yes, sir.

Mr. KENNEDY. And these other three gentlemen are on the council with you?

Mr. LUBISCHER. Yes, sir.

Mr. KENNEDY. As well as the four gentlemen that preceded you to the witness stand?

Mr. LUBISCHER. Yes, sir.

Mr. KENNEDY. Could you tell us of any information that you might have of any payments that have been made by the wholesalers to any of the union officials or members of the executive board?

Mr. LUBISCHER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Have you yourself received any such payments?

Mr. LUBISCHER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Mr. Aiges, could you tell us if you have any information regarding any payments made by any of the wholesalers to any members of the executive board or any union officials?

Mr. AIGES. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Have you yourself received any such payments?

Mr. AIGES. I respectfully decline to answer on my constitutional rights.

The CHAIRMAN. Do you honestly believe if you told the truth about it, it might incriminate you?

Mr. AIGES. Yes.

The CHAIRMAN. You do?

Mr. AIGES. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chiari, do you have any information about any payments that have been made directly or indirectly to any union official?

Mr. CHIARI. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Do you know of any payments made to any member of the executive board?

Mr. CHIARI. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Did you yourself receive any such payments?

Mr. CHIARI. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Mr. Schneider, do you know of any payments that have been made by any of the wholesalers to any member of the executive board or any union official?

Mr. SCHNEIDER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. Have you, yourself, received any such payments?

Mr. SCHNEIDER. I respectfully decline to answer on my constitutional rights.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Any questions, Senator Mundt?

Senator MUNDT. No.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Breslow, Mr. Walsh, and Mr. McQuade.

The CHAIRMAN. Stand and be sworn.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRESLOW. I do.

Mr. WALSH. I do.

Mr. MCQUADE. I do.

Mr. SHEDLER. Senator, will you let the record show I do not represent Mr. McQuade, but I do represent the other two witnesses?

Mr. KENNEDY. We will have Mr. McQuade sit back then. He is in a different category.

The CHAIRMAN. All right. This will be the testimony of Mr. Breslow and Mr. Walsh.

TESTIMONY OF HENRY BRESLOW AND WILLIAM WALSH, ACCOMPANIED BY COUNSEL, BENJAMIN SHEDLER

The CHAIRMAN. On my left, your name is Mr. Breslow?

Mr. BRESLOW. Henry Breslow.

The CHAIRMAN. What is your residence?

Mr. BRESLOW. 1504 Bell Boulevard, Queens, N.Y.

The CHAIRMAN. What is your occupation?

Mr. BRESLOW. Routeman, World Telegram and Sun.

The CHAIRMAN. Mr. Walsh, state your name, your place of residence, and your business or employment.

Mr. WALSH. William Walsh, 17 Hillcrest Road, Hazlet, N.J.; routeman for the New York Post.

The CHAIRMAN. You have counsel. Counsel sitting by you represents you?

Mr. WALSH. Yes.

The CHAIRMAN. Let the record so show, Mr. Reporter.

Mr. KENNEDY. Mr. Breslow, you are on the executive council?

Mr. BRESLOW. Yes.

Mr. KENNEDY. And Mr. Walsh is on the executive council?

Mr. BRESLOW. No, sir.

Mr. KENNEDY. He is a business agent?

Mr. BRESLOW. Former business agent.

Mr. KENNEDY. Mr. Breslow, do you know of any payments that have been made directly or indirectly by the wholesalers to any union official, to any member of the executive board?

Mr. BRESLOW. I respectfully decline to answer on constitutional rights.

Mr. KENNEDY. Have you, yourself, received any such payments?

Mr. BRESLOW. I respectfully decline to answer on constitutional rights.

Mr. KENNEDY. How long have you been on the executive board?

Mr. BRESLOW. Three years.

Mr. KENNEDY. Were you reelected?

Mr. BRESLOW. I am the vice president-elect of the union.

Mr. KENNEDY. You were just elected vice president?

Mr. BRESLOW. I was just elected vice president.

The CHAIRMAN. Do they have any code of ethics in that union with respect to people that so conduct themselves that when they are interrogated about union affairs, about their connection with the union affairs, that they feel constrained to take the fifth amendment to avoid testifying against themselves?

Do you have any ethical code in the union about that?

(The witness conferred with his counsel.)

Mr. BRESLOW. I have no comment, Senator.

The CHAIRMAN. Well, I ask you to answer. Do you have any rule about it?

Mr. BRESLOW. We have no rules on that.

The CHAIRMAN. All right.

Then, as I understand, you do not adhere to the ethical code of the AFL-CIO in this union; is that correct?

Mr. BRESLOW. I wouldn't know about that, Senator.

The CHAIRMAN. Would you know what an ethical code is? Have you read it? Would you?

Mr. BRESLOW. Yes.

The CHAIRMAN. Well, do you know whether they adhere to the ethical code of the AFL-CIO?

Mr. BRESLOW. I wouldn't know, Senator.

The CHAIRMAN. You wouldn't know? All right.

Senator MUNDT. How many members are there in your union?

Mr. BRESLOW. Around 4,500, Senator.

Senator MUNDT. 4,500?

Mr. BRESLOW. 4,500.

Senator MUNDT. 4,500. When was the election held?

Mr. BRESLOW. Monday, May 4.

Senator MUNDT. How many votes were cast?

Mr. BRESLOW. Approximately 3,400.

Senator MUNDT. Did you have an opponent?

Mr. BRESLOW. Three opponents.

Senator MUNDT. Three opponents. How many votes did you get?

Mr. BRESLOW. I think approximately 1,100; maybe 17 or 18 short. I don't know exactly.

Senator MUNDT. Under your constitution, if you get the highest vote plurality, that is sufficient?

Mr. BRESLOW. That is tantamount to election; yes, Senator.

Senator MUNDT. Do they vote with mail ballots or tellers or how do they vote?

Mr. BRESLOW. Machine ballot, Senator, with supervision of the Honest Ballot Association.

Senator MUNDT. Thank you.

Mr. KENNEDY. It is an extremely democratic union; is that right?

Mr. BRESLOW. Boy, and how.

Senator MUNDT. How do you get nominated—by petition?

Mr. BRESLOW. No. You get a nominator and a seconder, and any member of the union is entitled to run for office as long as he has his dues paid up 3 months prior to the election.

Senator MUNDT. There were four of you nominated?

Mr. BRESLOW. That is right, Senator.

Mr. KENNEDY. Mr. Walsh, you are former business agent?

Mr. WALSH. Yes.

Mr. KENNEDY. How long ago was that?

Mr. WALSH. About 4 years ago; 5 years ago.

Mr. KENNEDY. You haven't held an office since then?

Mr. WALSH. I didn't hear.

Mr. KENNEDY. You haven't held any office with the union since then?

Mr. WALSH. No, sir.

Mr. KENNEDY. Did you run for office this last time?

Mr. WALSH. I did.

Mr. KENNEDY. You were defeated then?

Mr. WALSH. I was.

Mr. KENNEDY. What position did you run for?

Mr. WALSH. Business representative.

Mr. KENNEDY. Would you know of any payments that have been made to any of the union officials or any of the members of the executive board in this union by the wholesalers?

Mr. WALSH. I respectfully decline to answer and rely on my constitutional rights.

Mr. KENNEDY. Did you receive any such payments when you were business agent?

Mr. WALSH. The same answer.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator MUNDT. Mr. Vice President, is that a full-time job?

Mr. BRESLOW. Yes, Senator.

Senator MUNDT. So you are not a routeman once you are vice president?

Mr. BRESLOW. As of a week from Wednesday, that is right; that is correct.

The CHAIRMAN. All right, call the next witness.

Mr. KENNEDY. Mr. McQuade.

The CHAIRMAN. Mr. McQuade has been sworn.

TESTIMONY OF JOHN McQUADE

The CHAIRMAN. You may state your name, your place of residence, and your business or occupation, Mr. McQuade.

Mr. McQUADE. John J. McQuade, 954 Van Ness Avenue, Bronx, N. Y.; newspaper deliverer for the New York Times.

The CHAIRMAN. Thank you very much.

Do you have counsel, Mr. McQuade?

Mr. McQUADE. No, sir.

The CHAIRMAN. You waive counsel?

Mr. McQUADE. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. McQuade, you were a member of the executive council?

Mr. McQUADE. Yes, sir.

Mr. KENNEDY. Did you just run for office?

Mr. McQUADE. Yes, sir; I ran for business agent.

Mr. KENNEDY. Were you elected?

Mr. McQUADE. Yes, sir.

Mr. KENNEDY. Mr. McQuade, do you know of any payments that have been made by the wholesalers, directly or indirectly, to any union official or any member of the executive board?

Mr. McQUADE. No, sir; I do not.

Mr. KENNEDY. Have you ever, yourself, received any such payments?

Mr. McQUADE. No, sir.

Mr. KENNEDY. And I might add, Mr. Chairman, Mr. McQuade has the reputation in the New York area for being completely honest. This was confirmed when the members of the staff went to interview him, and he answered all questions directly and indicated that when he appeared before the committee he would also answer.

So we have one union official, Mr. Baer, who testified that he did not receive payments, and we also have Mr. McQuade, who is a member of the executive board, out of all of the officers and members of the executive board.

Senator MUNDT. Mr. McQuade, how long have you been a member of the executive board?

Mr. McQUADE. Two years, sir.

Senator MUNDT. Were these other gentlemen whose testimony you just heard members of the board while you were a member of the board?

Mr. McQUADE. Most of them were, sir.

Senator MUNDT. Most of them were.

Did you, in running this time for business agent, replace some business agent, or were you reelected?

Mr. McQUADE. I replaced a business agent, sir.

Senator MUNDT. How many people voted for the position of business agent?

Mr. McQUADE. There was 3,400 members voted.

Senator MUNDT. And how many votes did you get?

Mr. McQUADE. I would say approximately 1,400.

Senator MUNDT. Was this in the same election as the vice president who just testified was elected?

Mr. McQUADE. Yes, sir.

Senator MUNDT. And the same union?

Mr. McQUADE. Yes, sir.

Senator MUNDT. And how many business agents are there?

Mr. McQUADE. Three business agents.

Senator MUNDT. How many vice presidents?

Mr. McQUADE. One.

Senator MUNDT. Just one?

Mr. McQUADE. Yes, sir.

Senator MUNDT. Does a business agent have to operate under the direction of the president or the vice president, or are you sort of a free agent, yourself?

Mr. McQUADE. Business agents more or less operate by themselves, but he is under the supervision of the president and the executive board, if he makes mistakes.

Senator MUNDT. Are your rights and duties and powers set out in your constitution?

Mr. McQUADE. Yes, sir.

Senator MUNDT. Or are they subject to the direction of the president and the vice president?

Mr. McQUADE. Subject to the constitution.

Senator MUNDT. Subject to the constitution?

Mr. McQUADE. Yes, sir. His duties are outlined there.

Senator MUNDT. So there are certain rights and authorities that you have as business agent that could not be altered or changed or modified by direction of the president or vice president; is that correct?

Mr. McQUADE. That is correct, sir.

Senator MUNDT. Thank you.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Does it disturb you at all, Mr. McQuade, that your fellow members of the executive board and fellow union officials all appear before the committee, with the one exception of Mr. Baer, all appear before the committee and refuse to answer any questions regarding payoffs?

Mr. McQUADE. I couldn't say, sir. I know most of these men and, believe me, I think that most of them are good people. I have seen the work they have done. It puzzles me. I can't figure it out.

The CHAIRMAN. You have no reason, yourself, you know you are innocent, you haven't done anything, and you know there is no reason why you can't say so under oath, that you know nothing about such transactions and you haven't participated in such. That is your testimony before us, is it not?

Mr. McQUADE. Yes, sir.

The CHAIRMAN. I want to highly commend you. I think you are to be commended. You are in a union like this and in a business where, apparently, these things are going on, and yet you are clean and you can come in here with good conscience and before your country, before your Government, and everyone, you can make a statement under oath to the effect that you have not engaged in any such practices. I commend you highly.

Mr. McQUADE. Thank you very much, sir.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. We are going into a different phase, now, of the investigation and I would like to call Mr. Hillbrant, Mr. Chenicek, and Mr. Gervase.

The CHAIRMAN. Be sworn, gentlemen.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HILLBRANT. I do.

Mr. CHENICEK. I do.

Mr. GERVASE. I do.

TESTIMONY OF CHARLES E. CHENICEK, J. J. GERVASE, AND WILLIAM HILLBRANT, ACCOMPANIED BY COUNSEL, GEORGE CRAIG

The CHAIRMAN. Beginning on my left, will you state your name, your place of residence, and your business or occupation, please?

Mr. CHENICEK. My name is Charles E. Chenicek. My home residence is 801 Downing Street, Teaneck, N.J. I am vice president and general manager of the Neo-Gravure Printing Co. That is at Weehawken, N.J.

Mr. HILLBRANT. I am William P. Hillbrant, treasurer, Neo-Gravure Printing Co.

Mr. GERVASE. My name is Joseph J. Gervase. I live at 66 Talmadge Avenue, Chatham, N.J. My position is assistant manager of the Neo-Gravure Printing Co.

The CHAIRMAN. You have counsel. Mr. Counsel, will you identify yourself?

Mr. CRAIG. George Craig, of Craig, Summers & O'Hara, Washington, D.C.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Hillbrant, could you tell the committee what the Neo-Gravure Co. does, Neo-Gravure Printing Co.?

Mr. HILLBRANT. We print under the rotogravure process Sunday supplements for newspapers, magazines, catalogs, various things, either in monotone or four color.

Mr. KENNEDY. Do you do this work for a number of different newspapers? Just newspapers; is that right?

Mr. HILLBRANT. The weekly supplements are for newspapers only.

Mr. KENNEDY. What sort of weekly supplements do you print?

Mr. HILLBRANT. Currently, sir?

Mr. KENNEDY. Yes.

Mr. HILLBRANT. American Weekly, a part of the print order; the Mirror, the New York Herald Tribune, the Boston Herald.

The CHAIRMAN. May I inquire? I think I understand. That is these magazines, something they buy that are distributed among newspapers to be used in part of their circulation?

Mr. HILLBRANT. No.

The CHAIRMAN. You spoke of American Weekly. Many papers purchase that and put it in their Sunday issue?

Mr. HILLBRANT. That is right.

The CHAIRMAN. That is what you print, such periodicals as that; is that correct?

Mr. HILLBRANT. Yes.

The CHAIRMAN. I understand. All right.

Mr. KENNEDY. How many copies of these supplements do you print?

Mr. HILLBRANT. We print in Weehawken approximately 4 million copies of the American Weekly each week, and approximately 1,500,000 for the Mirror, and just short of 600,000 for the New York Herald Tribune, and a little over 300,000 for the Boston Herald.

Mr. KENNEDY. You have in the past done some printing for other newspapers; is that correct?

Mr. HILLBRANT. Yes, sir.

Mr. KENNEDY. How long has your company been in existence?

Mr. HILLBRANT. The present company was organized in 1947.

Mr. KENNEDY. Mr. Hillbrant, did you hire a man by the name of Mr. Gross some years ago?

Mr. HILLBRANT. I did not, myself; no.

Mr. KENNEDY. Was Mr. Gross hired by your company?

Mr. HILLBRANT. He was.

Mr. KENNEDY. By whom in your company was Mr. Gross hired?

Mr. HILLBRANT. I believe he was hired by Mr. Gervase, as approved by Mr. Fred Stewart, who was then the vice president.

Mr. KENNEDY. Mr. Gervase, you were the one who originally hired Mr. Gross?

Mr. GERVASE. Well, Mr. Stewart actually hired him.

Mr. KENNEDY. What was Mr. Stewart's position at the time?

Mr. GERVASE. He was vice president and general manager.

Mr. KENNEDY. What did you know about the background of Mr. Gross at the time he was hired? Did you know anything?

Mr. GERVASE. No, I did not, except that he was an employee in our shipping department.

Mr. KENNEDY. And he was hired in what year—1945?

Mr. GERVASE. Approximately that; 1945 or 1946.

Mr. KENNEDY. His full name is Mr. Harold Gross; is that correct?

Mr. GERVASE. That is correct.

Mr. KENNEDY. And he is still on the payroll of your company?

Mr. GERVASE. Yes, he is.

Mr. KENNEDY. Over the period of at least the last year and a half or 2 years, he has spent most of his time in Florida, has he not?

Mr. GERVASE. I would say the last 6 months or so that I am aware of.

Senator MUNDT. Will you clear up for me what you mean when you say you hired a man who was already on your payroll?

Mr. GERVASE. We hired him as a foreman of our shipping department.

Senator MUNDT. He had been in the shipping room and you hired him as foreman?

Mr. GERVASE. Correct.

Senator MUNDT. All right.

Mr. KENNEDY. Mr. Hillbrant, is it correct that he has spent the last year and a half or so in Florida, that has been his main headquarters?

Mr. HILLBRANT. He has spent considerable time there. I can't give you the period of time. I haven't seen him in the office. I think the last time I saw him was late December. I can't pin it down.

Mr. KENNEDY. He keeps in touch with your company by telephone, does he?

Mr. HILLBRANT. He does.

Mr. KENNEDY. What salary does Mr. Gross receive at the present time?

Mr. HILLBRANT. Mr. Gross receives a weekly check of \$143, I believe, and 40 cents. I may have transposed a figured there, \$34 or \$43. He also received a monthly check of \$460.

Mr. KENNEDY. What is the reason that he receives the weekly check and then receives the extra amount per month?

Mr. HILLBRANT. All of our people are paid weekly, so the weekly check is in accordance with usual procedures. He is paid a monthly check for the services he renders in order that nobody will know in the shipping platform, or shipping organization, his full remuneration, because that is made separately.

Mr. KENNEDY. So it is in order to conceal the full amount of money that he receives; is that correct?

Mr. HILLBRANT. From the rest of the organization.

Mr. KENNEDY. From the rest of the organization.

Do you know what he is doing in Florida at the present time?

Mr. HILLBRANT. I do not.

Mr. KENNEDY. Did you know that he was a president of a Teamsters local down in Miami, Fla.?

Mr. HILLBRANT. I did not.

Mr. KENNEDY. That he is president of Local 320 of the Teamsters in Miami Beach, Fla.?

Mr. HILLBRANT. I did not know it.

Mr. KENNEDY. And he has been president of that Teamsters local since October 1958?

Mr. HILLBRANT. I didn't know it.

Mr. KENNEDY. You were not aware of that?

Mr. HILLBRANT. No, sir.

Mr. KENNEDY. Let me ask Mr. Chenicek a question.

Do you know Mr. Gross?

Mr. CHENICEK. I do.

Mr. KENNEDY. What is your position in the company?

Mr. CHENICEK. Vice president and general manager.

Mr. KENNEDY. In that capacity, have you worked with Mr. Gross? You are familiar with what his responsibilities are?

Mr. CHENICEK. Surely.

Mr. KENNEDY. Mr. Gross' main position, responsibility, is to maintain labor peace in the company?

Mr. CHENICEK. Well, Mr. Gross is foreman of the three shifts in our shipping department, and it is his function to make sure that that department functions properly.

Mr. KENNEDY. Well, it is a little difficult while he is in Miami Beach, Fla., to meet his responsibilities, while at the same time a Teamster Union, to meet his responsibilities as foreman. What he does, in effect, is to make sure that you have labor peace amongst your employees; is that correct?

Isn't it correct? Let me rephrase it. Isn't it correct that he was hired because of the contracts and connections that he had among certain union officials?

Mr. CHENICEK. Well, of course, I wasn't with the company at the time of his original hiring.

Mr. KENNEDY. Is it correct that he is kept on the payroll at the present time because of his connections and contacts with certain labor officials?

Mr. CHENICEK. Well, I would phrase it that he is kept on the payroll because the department does function harmoniously, it functions efficiently, and on that basis his services are retained.

The CHAIRMAN. That is what it actually amounts to. You wouldn't have a foreman in Florida running a Teamsters Union unless you were getting some influence and benefit from it, would you?

Mr. CHENICEK. No, sir.

The CHAIRMAN. He is not there to personally supervise as a foreman should and would normally, is he?

Mr. CHENICEK. That is correct.

The CHAIRMAN. So he is off down in Florida running the Teamsters Union while he is on your payroll to keep labor peace; that is what it amounts to, isn't it?

Mr. CHENICEK. Yes, sir.

The CHAIRMAN. Thank you. Proceed.

Mr. KENNEDY. Mr. Gross has arranged to have some of his relatives placed on the payroll also, has he not?

Mr. CHENICEK. I believe so. I have no direct contact with the department, but I understand that there are a few relatives that are on the payroll; yes.

Mr. KENNEDY. Mr. Gervase, did you know of Mr. Gross' criminal record at the time he was hired?

Mr. GERVASE. I did not.

Mr. KENNEDY. Mr. Chairman, maybe it would be helpful if we placed in the record the amount of money that Mr. Gross received as salary and what relatives are on the payroll, and also the situation as far as other matters.

The CHAIRMAN. Have you a witness for that? If so, call him forward.

In the meantime, according to my calculation, Mr. Gross is paid \$143.40 per week.

Mr. HILLBRANT. Yes.

The CHAIRMAN. And then \$460 per month?

Mr. HILLBRANT. Per month.

The CHAIRMAN. That is a monthly check.

Mr. HILLBRANT. Those are gross, before deductions.

The CHAIRMAN. That totals \$1,033.60, in round numbers, per month, based on a four-week month, and \$460 monthly check. So it is over \$1,000 a month that he is receiving.

Mr. HILLBRANT. That is right.

Mr. KENNEDY. I would like to explain, Mr. Chairman, and place in the record, that we have subpoenaed all the books and records of this company in connection with this matter, and they have made those records available.

The information that we will have a member of our staff testify to will be based on the records that have been made available under subpoena by this company.

The CHAIRMAN. I understand you are stating, in effect, that they have cooperated with the committee in making this available, and have otherwise tried to help the committee insofar as the committee made requests of them?

Mr. KENNEDY. That is correct.

I want to explain also that we obtained information regarding the activities of Mr. Gross from an independent source as we were making an investigation of his activities in Miami Beach, Fla. It ultimately led to this company.

We subpoenaed their records. In this case, we are going to have a witness testify from those records. We also learned some other information which we will have some testimony on.

The CHAIRMAN. Have you got the witness?

Mr. KENNEDY. Mr. Sheridan and Mr. Kopecky.

The CHAIRMAN. Do you and each of the solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHERIDAN. I do.

Mr. KOPECKY. I do.

TESTIMONY OF GEORGE M. KOPECKY AND WALTER J. SHERIDAN

The CHAIRMAN. Each of you are members of the staff of this committee. As such you have been doing work in connection with this particular phase of the investigation?

Mr. KOPECKY. Yes, sir.

The CHAIRMAN. In the course of that work, have you come in contact with the activities or some of the work of a Mr. Gross? Has that come to your attention and under your surveillance, Harold Gross?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Mr. Sheridan, let me ask you first what you have on the background of Mr. Harold Gross.

Mr. SHERIDAN. Mr. Gross was convicted in 1942 on a charge of extortion. This charge grew out of activities while Mr. Gross was associated with Local 138 of the Teamsters Union. Local 138 at the time was under the control of people affiliated with what was then known as Murder, Inc.

Prior to that time, local 138 had been under the control of Lepke Buchalter, a notorious gangster.

Mr. KENNEDY. A number of the officials of local 138 had been sent to the penitentiary for extortion, had they not?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. And also a number of them had been murdered in gangland murders?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. And it was labeled at that time, as a Teamsters Union which was completely under the control and domination of Murder, Inc.?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. And was accepted as such; is that correct?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. And the whole function of the local at that time was in connection with extortions?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. And Mr. Gross himself, as an official connected with the local, was convicted of extortion in one of these cases?

Mr. SHERIDAN. Yes, he was.

Mr. KENNEDY. And actually, of the officials of the union that were convicted at that time, he received the highest sentence?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. And so he went to jail in 1942?

Mr. SHERIDAN. Yes, and he was paroled in May of 1945, and he went to work for the Neo-Gravure Co. several months later.

Mr. KENNEDY. Does he have any other criminal record that we know of?

Mr. SHERIDAN. He has arrests in 1937 for possession of burglary tools, and for petty larceny, and he received a suspended sentence on the petty larceny charge.

The CHAIRMAN. What date was that?

Mr. SHERIDAN. In 1937.

The CHAIRMAN. Has there been any since the extortion conviction in 1942?

Mr. SHERIDAN. There are no convictions since 1942, Senator.

Mr. KENNEDY. And he has been recently made the head of a Teamsters Union?

Mr. SHERIDAN. In October of 1958 he became head of Local 320 of the Teamsters Union in Miami Beach, Fla.

Mr. KENNEDY. And we will be going into that to some extent at a later time.

Mr. SHERIDAN. Yes, we will.

Mr. KENNEDY. Now, Mr. Kopecky, could you tell us what the records show as far as the money that has been received by Mr. Harold Gross directly?

Mr. KOPECKY. The records I have begin in 1946 and continue through 1958, and the withholding forms obtained from the company indicate that in that period of time Harold Gross has received a salary of \$98,459.85.

The CHAIRMAN. For what years?

Mr. KOPECKY. Beginning in 1946, through 1958.

Mr. KENNEDY. Roughly in 1946 he received approximately \$2,000, and 1947 some \$4,000, and 1948, \$4,000, 1949 some \$6,000, in 1950 a little less than \$6,000, and 1951 a little less than \$6,000, and 1952 \$7,000, and in 1953 a little less than \$9,000, and in 1954 a little less than \$9,000 and in 1955, \$10,000, and in 1956 \$10,000, and 1957 \$12,400, and in 1958 \$12,100 approximately.

Mr. KOPECKY. All of those figures are approximately correct.

Mr. KENNEDY. All adding up to some \$98,000?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. Was Harold Gross' brother placed on the payroll?

Mr. KOPECKY. Yes, Henry Gross, a brother of Harold Gross, is also on the payroll, and during the same period of time, he has received a salary totaling \$64,314.27.

Mr. KENNEDY. Then his son, Donald Gross, was on the payroll.

Senator MUNDT. What does Henry Gross do?

Mr. GERVASE. He is what we call a checker on the third shift.

Senator MUNDT. Does he work in New Jersey or Florida?

Mr. GERVASE. Oh, in New Jersey, and he is on the job every night.

Mr. KENNEDY. Now, the son, Donald Gross, was on the payroll for a short period of time.

Mr. KOPECKY. He was on the payroll from 1952 through 1954, and received a total of \$5,172.57.

Mr. KENNEDY. He only received \$66; is that correct?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. And in 1953 some \$3,200, and in 1954 \$1,800?

Mr. KOPECKY. Yes, sir.

Mr. KENNEDY. What did Donald Gross do?

Mr. HILLBRANT. A regular platform loader.

Mr. KENNEDY. Was that at the suggestion of Harold Gross that he was placed on the payroll also?

Mr. HILLBRANT. I believe so.

Mr. KENNEDY. Then there is another son, Norman Gross, who was on the payroll in 1957 and 1958.

Mr. KOPECKY. Yes, and he received \$1,218, and in 1958 \$1,415, for a total of \$2,634.70. He is still on the payroll.

Mr. KENNEDY. Then a brother-in-law, Mr. Mike Reiter, he was also on the payroll.

Mr. HILLBRANT. Yes.

Mr. KENNEDY. What does he do, Mr. Reiter?

Mr. HILLBRANT. He occupies a position similar to Henry Gross except that Mike Reiter is on the first shift and Henry Gross is on the third shift.

Mr. KENNEDY. Was that at the suggestion of Mr. Harold Gross?

Mr. HILLBRANT. I believe so.

Mr. KENNEDY. That is R-e-i-t-e-r. He was placed on the payroll in 1949; is that correct?

Mr. KOPECKY. He was on the payroll for a short period of time in 1946, and then he was off the payroll and continued or he began again in 1949 and he has been on ever since, and I believe he is still on the payroll at the present.

Mr. KENNEDY. He receives now about \$7,400?

Mr. KOPECKY. \$7,400; yes, sir.

Mr. KENNEDY. And he has received a total from the company of some \$56,000; is that right?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. So that makes a total for all of those individuals of some \$226,836.80.

Mr. KOPECKY. Yes, sir.

Senator MUNDT. A total of \$226,000 all to the Gross family?

Mr. KOPECKY. The Gross family, and a brother-in-law.

Mr. KENNEDY. Has Mr. Gross been paid any other sums of money, other than this, these sums of money?

Mr. HILLBRANT. Yes, sir.

Mr. KENNEDY. What other sums of money has he received?

Mr. HILLBRANT. Just a moment.

Mr. KENNEDY. First, has he received any regular sums of money?

Mr. HILLBRANT. There has been an annual payment of \$4,000 starting around May of 1952 and continuing through 1958.

The CHAIRMAN. Is that in addition to this other \$12,000 a year?

Mr. HILLBRANT. It is in addition.

The CHAIRMAN. How is that paid—by check?

Mr. HILLBRANT. It was paid cash.

The CHAIRMAN. Paid in cash?

Mr. HILLBRANT. Yes.

The CHAIRMAN. That is a cash payment?

Mr. HILLBRANT. Yes, sir.

The CHAIRMAN. That is an annual payment?

Mr. HILLBRANT. Yes, sir.

The CHAIRMAN. We have weekly payments, \$143 a week, and we have a monthly payment of \$460 a month, and then we have an annual payment on top of that of \$4,000; is that right?

Mr. HILLBRANT. Yes.

Senator MUNDT. How was this annual \$4,000 payment carried on the books? What is that for?

Mr. HILLBRANT. What is that?

Senator MUNDT. How is this annual payment of \$4,000 carried on your books?

Mr. HILLBRANT. The \$4,000 first is a check payable to cash which is cashed, and then paid over or was paid over after being cashed, directly to Harold Gross. Then the \$4,000, as far as our books were concerned, was charged to "outside work," and billed then to American Weekly on a Cuneo Press invoice.

The reason I bring in that last statement is that the contract with American Weekly is directly with the Cuneo Press, which is our parent company, and we handle all of the billing in the Weehawken office.

Senator MUNDT. So that the description is "outside work?"

Mr. HILLBRANT. Outside work in order to offset it against increased billing.

Senator MUNDT. It looks like if he works at all, it is outside work from Florida. It is kind of a push-button operation.

Mr. HILLBRANT. It is an accounting device in order to offset that.

Senator MUNDT. It is charged as a business expense, anyhow.

Mr. HILLBRANT. No. As far as we were concerned, there would be no deductions claimed on our books, because the \$4,000 paid out was offset against increased billings.

Senator MUNDT. It just means that somebody else ended up with it, such as the American Weekly.

Mr. HILLBRANT. We don't know on that.

Senator MUNDT. It is just logical to assume that a business corporation paying out \$4,000 deducts it. I mention this because I think that our colleagues in the House who soon will be wrestling with labor legislation ought to know this. Here we see a situation where, because of the absence of apparently adequate labor laws, or because of the absence of enforcement of the laws that we have, the Federal taxpayers are really paying this extortion because Cuneo Press is no paper institution and its tax rate is relatively high. I am sure that your organization, too, is a successful organization.

Both are in the high brackets as far as corporate taxes are concerned, so what we have here is an indirect sand-bagging of the American taxpayer because of a labor situation that you find impossible to content with except through the various weekly, monthly, annual and whatever other payments may be disclosed in the course of this investigation.

Mr. CRAIG. Would you please interrogate the witnesses further, to disclose for the sake of this record that there was no deduction ever

taken by Cuneo or Neo-Gravure, and we don't know what American Weekly did with theirs. I want that on the record if I may, please.

The CHAIRMAN. Counsel will bring that out.

Senator MUNDT. I will follow that through, since I mentioned it.

I understand, Mr. Hillbrant, that the \$143 weekly payment paid to Mr. Gross is not charged as a business expense?

Mr. HILLBRANT. The weekly payments and the monthly payments are charged as business expenses on our books and claimed as a deduction.

Senator MUNDT. Then your counsel didn't quite have the facts in mind when he asked us to interrogate further, because to the extent that you pay the weekly payment and the monthly payment, Uncle Sam's taxpayers are paying the salary—to the extent that this tax deduction is taken for this man in Florida buying labor peace in New Jersey?

Mr. CRAIG. Just again, if I may speak to the Senator, the \$4,000 is what I made reference to and not the \$140 nor the other payment. It is the annual payment to which I made reference.

Senator MUNDT. Let the record show that as far as this particular Senator is concerned, that we have now established that the weekly payment and the monthly payment are costs of doing business because of an unsavory labor practice which occurs up there, which are paid for in large part by Uncle Sam's taxpayers, and that this Senator surmises that an examination of the books of the American Weekly would indicate that it also is not an eleemosynary institution, but that those \$4,000 payments for which they are being billed undoubtedly are charged back to the cost of doing business. They are not so charged by your company; is that correct?

Mr. KENNEDY. Now let me ask you, Mr. Chenicek, you are familiar with this payment of the \$4,000 that was made to Mr. Gross?

Mr. CHENICEK. I am.

Mr. KENNEDY. And this \$4,000 was paid in cash to Mr. Gross?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. And it was paid from what period of time to what period of time?

Mr. CHENICEK. It started in May of 1952 and it continued through May of 1958.

Senator MUNDT. Let me ask, how did it start? Was it your idea or was it his? How did it originate? How did you start making the payment?

Mr. CHENICEK. Well, it is an involved story.

Senator MUNDT. Just give us the facts.

Mr. CHENICEK. The Cuneo Press signed a contract in October of 1951 which called for their assuming the printing of the American Weekly, starting with the May 11, 1952, issue. The printing was distributed over three plants, our plant in New York, and at that time we were making the transition to a new plant in Weehawken, and a printing plant in Chicago, and then a printing plant that was to be established on the west coast.

Our portion of that printing totaled approximately \$10 million, and we in Weehawken printed approximately 4 million each week.

As I recall at that time, there were 12 or 13 newspapers to whom we were called upon to make delivery from the portion printed in

Weehawken. Those were the eastern cities where the distribution costs would be lesser than if those copies were printed in the Midwest.

One of those papers to whom we were called upon to make delivery was the New York Journal American. We approached the printing date of the first issue and it developed that if we were to deliver those copies, approximately 1 million or 1,100,000 to the New York Journal American, that we would have a situation at the Journal American plant created by the New York Newspaper & Mail Deliverers Union whereby they would refuse to unload or accept on their platform the copies we were delivering to them because the driver who manned the truck with those deliveries was a member of local 807 and not a member of their union.

Senator MUNDT. This was a sort of secondary boycott situation developing?

Mr. CHENICEK. I would assume that that would be an apt description.

Senator MUNDT. For jurisdictional purposes.

Mr. CHENICEK. As a result of this arising problem, we were asked by the American Weekly to see whether it would be possible to do something to resolve that situation.

We in turn spoke with Harold Gross and asked him if there was anything that could be done in connection with that situation, and he said he would check into it.

Some time later, and I don't recall the period, a few days, he came back and he stated that in return for an annual payment of \$4,000 throughout the life of that American Weekly contract a driver from the Newspaper & Mail Deliverers Union would be permitted to drive the truck which otherwise would have been manned by an 807 driver, and that deliveries would be made without any complications.

Actually, the way it worked out in practice, as I understand it, is that the truck which handles the New York Journal American deliveries is hired from the same truck rental concern from whom we rent our trucks, and it is paid for by either the Journal American or the American Weekly, and I do not know, and it is manned by a member of the Newspaper & Mail Deliverers Union.

That arrangement has continued through to this date, as far as deliveries of the copies.

Senator MUNDT. Whose idea was it that the money be paid in folding currency instead of by check?

Mr. CHENICEK. Mr. Gross' idea.

Senator MUNDT. As a businessman, what do you think is required to eliminate a situation of this kind, which is certainly not a proper business practice. Do you think new legislation is required, or do you think that there are existing laws which would meet it if properly enforced or how do you think concerns like yours can best extricate themselves from such a situation? Our responsibility is in the legislative field, and we want to find out if there is some legislative business that can be done or should be done. It is entirely possible, Mr. Chairman, that we have done it with this "hot cargo" clause enacted in the Kennedy-Ervin bill.

Mr. KENNEDY. It would not take care of it, Senator.

Senator MUNDT. Or are you happy with the situation as it is?

Mr. CHENICEK. We are far from happy. There was wrong involved in this whole transaction, but the tragedy seems to me to be the necessity for going through steps and procedures of this sort to accomplish what should be a normal business function.

As to the corrective steps, of course it is far reaching and involved. I frankly don't know what the proper steps would be, but quite obviously it calls for a drastic tightening of the legal things or the legal aspects that apply to this or enable situations of this sort to come into being.

Senator MUNDT. In other words, you recognize that there is something seriously wrong when a business operation, in order to deliver its merchandise, gets confronted with a sledge hammer situation like this, and is compelled to pay what impolitely we would have to refer to as a bribe in order to stay in business.

Mr. CHENICEK. That is right.

Senator MUNDT. If you refuse to do that, you would be stuck with a lot of newspapers, or magazines, or rotogravure printing with no way to get them delivered to your customer.

Mr. CHENICEK. That is correct.

Senator MUNDT. And your customer, in turn, would have no recourse. He couldn't come and get the material as he was stopped by this ruse.

Mr. CHENICEK. Our customer was in the most difficult position because they were obviously being influenced by factors of a similar nature on their end of it.

Senator MUNDT. I am very happy, Mr. Chairman, that this particular type of improper practice is being exposed publicly at this juncture, because there is still time for the House to act in a legislative capacity on the bill which we have passed to meet this kind of contingency.

It seems to me it is a very serious problem and I don't know what a business can do, and I don't know what the publisher can do, but I do think that Congress should be able to do something to eliminate this kind of a situation.

Mr. CHENICEK. I think it might be well to add one point, that actually it was the threatened work stoppage of the Journal American which was the big concern. Actually, we had no problem on our end of it, but they had a major problem over there in the form of a threatened work stoppage if those deliveries were insisted on.

Senator MUNDT. Do you mean that this threat which came to you involved something besides the nondelivery of papers—that they were going to strike the plant itself or the newspaper plant of the Journal American?

Mr. CHENICEK. The word "strike" was used in our discussions with the American Weekly, yes; and their people, and I don't know, of course personally, whether their platform workers used the word "strike" in their discussions with the Journal American or American Weekly, but I do know that there was fear of a strike in the plant in the event that such deliveries were insisted upon.

Senator MUNDT. This wasn't a question of your using nonunion help or scabs, as they call it. It happened that this driver belonged to a different union?

Mr. CHENICEK. That is correct.

Senator MUNDT. That aggravates the evil rather than alleviates it.
Mr. CHENICEK. That is correct.

The CHAIRMAN. The Chair was just trying to get the connection, if any, between the payments that you have been making here, that you have been compelled to make, if you operated, and these unions whose officials we have been interrogating here with respect to these payoffs.

Mr. Counsel, will you state what the connection is? I want to get this record clear with respect to the union. What is the name of the union?

Mr. KENNEDY. Mail Handlers.

The CHAIRMAN. We have been receiving testimony about it here, or, rather, receiving the fifth amendment in greater volume than we have received testimony, I may say. But I wanted to get the connection.

What is the connection between that union and what has happened here with this fellow Gross, if any?

I am trying to determine whether we are dealing here with something separate and apart, or whether it is all a part of the whole general pattern of improper practices that prevail up there.

Will you tell us something about it?

Mr. KENNEDY. Mr. Chairman, it was a problem between these two unions, the Mail Handlers Union and the Teamsters Union.

Is that correct.

Mr. CHENICEK. That is correct.

Mr. KENNEDY. It was a question of who was going to drive the trucks. This was a dispute involving the American Weekly; it was not a dispute involving you people; is that correct?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Because of this jurisdictional dispute between the two unions, the Teamsters and the Mail Handlers, they were not going to get their deliveries, because the Teamsters insisted that the truck-drivers that brought the magazines to the platforms should be Teamsters; the Mail Deliveries insisted it should be delivered by a mail deliverer.

Mr. CHENICEK. That is correct.

Mr. KENNEDY. And the trucks should be driven by a mail deliverer; is that correct?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. So it was in order to get a solution for that problem that existed for the American Weekly that the American Weekly went to you.

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Of course, Mr. Chairman, it was the Mail Deliverers officials that we have had before the committee.

The CHAIRMAN. You were caught in an economic squeeze. That is what it amounted to. You either had to pay off or make some arrangements like this, or the Journal American would simply not be able to get your product.

Mr. CHENICEK. That is correct.

The CHAIRMAN. That is what it amounted to?

Mr. CHENICEK. That is correct.

The CHAIRMAN. And you have been paying all these years?

Mr. CHENICEK. That is true.

Mr. KENNEDY. As far as you being caught in the squeeze, it was really the American Weekly, was it not, rather than yourselves?

Mr. CHENICEK. That is true.

Mr. KENNEDY. As I understand from my conversations with you, you were ready and prepared to make the deliveries, but it was their problem at their end where the problem existed.

Mr. CHENICEK. That is true.

Mr. KENNEDY. They came to you and said: "Can you find a solution to the problem?"

You went to Mr. Gross, and Mr. Gross said, "I can get a solution to the problem if you give me \$4,000 in cash every week."

Did you then go back to the American Weekly?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Did you explain that for a \$4,000 payoff you could get it fixed?

Mr. CHENICEK. I did.

Mr. KENNEDY. Did they agree to make a \$4,000 payoff?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Who was it in the American Weekly who agreed to that?

Mr. CHENICEK. At that time, McHenry Browne was the one I had conversations with.

Mr. KENNEDY. Did he say he would take it up with his superiors?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Did you explain to him as Mr. Gross explained to you that some of this money would have to be spread around and go to other union officials?

Mr. CHENICEK. Yes.

Mr. KENNEDY. You explained that to Mr. McHenry Browne?

Mr. CHENICEK. To the best of my recollection, yes.

Mr. KENNEDY. Did he come back and tell you to go ahead and make the payment?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. You made the first payment in May 1952?

Mr. CHENICEK. I believe it was. Mr. Hillbrant could give the exact date.

Mr. KENNEDY. Did Mr. Gross come back each anniversary and ask for the \$4,000?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Did you go to the American Weekly each time and get the \$4,000?

Mr. CHENICEK. Yes; I did.

Mr. KENNEDY. They gave you an OK to make the payment?

Mr. CHENICEK. Usually what would happen would be that I would talk with the business manager who was in that position at that particular time, and I assumed that he checked with whoever he would check with internally, because he wouldn't right then and there give me the go-ahead, but perhaps a day or two or three might elapse, and then he would subsequently call me back and tell me to proceed with the arrangement.

Senator MUNDT. Just one question for clarification: It seems to me you used the words "American Weekly" and "Journal American" interchangeably. Are they under the same ownership?

Mr. CHENICEK. They are both Hearst publications; yes.

Mr. KENNEDY. Did you always make these arrangements solely with McHenry Browne?

Mr. CHENICEK. No. I don't recall in what year it was. Well, it could only have been—I think the following year, by the time the next annual period rolled around, I think Mr. McHenry Browne left somewhere around that time and Mr. John Padulo assumed the position of business manager.

Mr. KENNEDY. Did you have these discussions then with him?

Mr. CHENICEK. In a similar vein, yes.

Mr. KENNEDY. Each year?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Each year he came back and told you you could go ahead and make the payment?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Did you discuss it with anybody else in the American Weekly organization?

Mr. CHENICEK. No. But in due time, and again I don't recall the year, in due time Mr. Padulo left, and his position was assumed by Mr. Joseph Fontana, who continues to this date in the capacity of business manager.

Mr. KENNEDY. Did you discuss it with him?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. Each year?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. You got the OK to make the payment?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. Each time it was understood what the payment was?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. Did you discuss it with anyone else in the organization other than those three gentlemen?

Mr. CHENICEK. To the best of my recollection, I had one other conversation with one other gentleman on the subject.

Mr. KENNEDY. Who was that?

Mr. CHENICEK. That was Mr. Gortatowsky.

Mr. KENNEDY. What is his position?

Mr. CHENICEK. I believe he is the chairman of the board, of the Hearst—I don't know the exact corporate title.

Mr. KENNEDY. And you discussed this \$4,000 payment at that time with him?

Mr. CHENICEK. Well, actually, what transpired was that in this particular year, and I frankly don't recall offhand which year it was, we had not—

Mr. KENNEDY. This, I believe, was probably in 1954.

Is it at the time payment was made in which there was a delay?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. You hadn't paid in May of 1954 as you had been expected; is that correct?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. All right.

Mr. CHENICEK. I had not been reminded by Gross at about May 1 or thereabouts, the anniversary date, that that payment should be forthcoming, and, as a result, naturally I did nothing, the American Weekly did nothing, and it continued undisturbed for some period.

Then in due course, Gross did come to me and say that that payment would have to be forthcoming, and that a lot of time had elapsed since the anniversary date.

So I, at that time, took it up with, I believe, at that time it was Mr. Padulo. So he said that he would check into it and would let me know.

As I recall the situation, apparently because of the delay in agreeing to the payment, we reached the point where Gross was very insistent that that payment be forthcoming rather promptly.

Mr. KENNEDY. What did he say would happen if the payment did not come?

Mr. CHENICEK. Well, that this arrangement would be disrupted, and that, of course, would mean that the deliveries would not reach the Journal American.

So I stressed to Mr. Padulo the necessity for reaching some decision.

This one particular day I received a phone call from Mr. Gortatowsky and he stressed very strongly the desire on their part to get away from this situation, and in that conversation he assumed the position that it actually was our company's responsibility to deliver the copies to the New York Journal American. I told him that we were ready, willing, and able to deliver those copies to the Journal American. He stated that if that were the case, then they would be faced with a difficulty over at the Journal American.

Mr. KENNEDY. When you talk about difficulty, you mean a strike?

Mr. CHENICEK. Yes.

Mr. KENNEDY. They wouldn't be allowed to make the deliveries and take the magazines off the trucks?

Mr. CHENICEK. Yes.

So no conclusion was arrived at in that conversation.

Then, as I recall, it was a day or two or so later, that Mr. Padulo called me and told me that I should proceed on the normal arrangement, the \$4,000.

Mr. KENNEDY. You explained, as I understand it, to Mr. Gortatowsky, that this was not your problem, that this was not a difficulty for your company, but it was a difficulty for the American Weekly, that you would make the deliveries and it was a problem for them.

So it was not your decision to make as to whether the \$4,000 payment would be made, but it was up to them to make the payment.

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Then they called later and told you to go ahead and make the \$4,000 payment?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Did Mr. Gross ever come to you and say that they could make different arrangements regarding the payments?

Mr. CHENICEK. Yes. I believe it was at the time that the 1956 payment was approaching due date, so to speak, when he reminded me of that annual payment being due.

Four years of the 10-year American Weekly had already expired. There were 6 years remaining in that contract.

Gross pointed out that with 6 years remaining, at an annual figure of \$4,000 each, in sum total \$24,000, that would normally still be forthcoming, that he thought that he could at that time settle on the basis of one-half of that amount, that is, \$12,000, and all future an-

nual payments would be discontinued, although the arrangements as to physical movement of the materials would not be disrupted.

That information was passed on to, I believe, Mr. Fontana, business manager at that time, and in due course I received word that they elected to proceed on the \$4,000 basis.

Mr. Gross made the similar proposal the following year, and again it was transmitted to the American Weekly, and again they paid the \$4,000.

Mr. KENNEDY. Why did it end, then, in 1958?

Mr. CHENICEK. Then it was the following year, 1958, the payment was made normally in May, or whatever the specific date was. In, I believe it was, October of 1958, the Cuneo Press received a letter of cancellation of the printing contract on the American Weekly which was an option that the American Weekly had, and that letter also stated that in the event that we desired to enter into negotiations on the new contract or renegotiation, I forget the exact phraseology, they would be glad to sit down and discuss the subject with us.

The contract negotiations were initiated and, as I recall, it was sometime in December of 1958 that a new American Weekly contract was consummated which, in effect, in return for an extension of the period of the printing contract, was settled on the basis of a lower price structure than had existed in the original contract. Not in those negotiations as such, but in a conversation—I forget whether it was actually at lunch—in some informal discussion, Mr. Fontana pointed out to me that in the light of the American Weekly's tightened economic picture, that certainly if there was some way of avoiding a necessity for this \$4,000 annual payment they would be most happy if something could be done to escape it.

I talked with Harold Gross and I made a very strong point of the fact that the American Weekly had felt the necessity of canceling its contract because they were in a tightened economic picture, and we in turn had to renegotiate a new contract on a tighter price structure for ourselves, and that everybody was in the midst of a dire economic pressure.

I told him that certainly if there was any way that it could be done, then the American Weekly would certainly desire to escape this \$4,000 annual payment.

So he said he would look into it.

Subsequently he advised me that the \$4,000 payment which was made in May of 1958 would be the last \$4,000 or any payment that would be asked.

That is the way the matter rests.

The CHAIRMAN. That explains the \$4,000 pretty well all the way through.

Can you give us any explanation why he is still retained on your payroll at \$143 a week and \$460 a month? That is, other than for the fact that you are buying labor peace?

Mr. CHENICEK. For the same reason, Senator; that we covered before. The reason for our retention of his services is no different than it was at any earlier date.

The CHAIRMAN. In other words, it was not for the work that he does at the plant as a supervisor or a foreman at all, but it is to avoid labor trouble, and by that you mean strikes and other disruptions and harassment, and so forth. That is what you mean?

Mr. CHENICEK. Yes, sir.

The CHAIRMAN. You still feel compelled to do that at the present?

Mr. CHENICEK. Unfortunately, we do.

The CHAIRMAN. Thank you very much.

Senator MUNDT. Have you any first-hand knowledge as to what happened to the \$4,000 after it left your hands and went to Mr. Gross?

Mr. CHENICEK. No, sir.

Senator MUNDT. He has never told you what he did with that money?

Mr. CHENICEK. No.

Senator MUNDT. You don't know whether he keeps it or whether it goes to somebody else in the union in New York?

Mr. CHENICEK. I honestly have no idea.

Senator MUNDT. All right.

Mr. KENNEDY. The problem, however, that he set out to settle was settled?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. And the platform workers now handle the deliveries; is that correct?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Mr. Kopecky, the records of the company show how much was paid to Mr. Gross in this connection?

Mr. KOPECKY. Neo-Gravure's records reflect that seven payments were made totaling \$28,000 from 1952 through May of 1958.

Mr. KENNEDY. And in all that they were reimbursed by the American Weekly; is that correct?

Mr. KOPECKY. There are also indications that there were reimbursements by American Weekly for the \$28,000 to Neo-Gravure.

Mr. KENNEDY. Have you made any other payments to Mr. Gross?

Mr. CHENICEK. Yes, sir. We made two cash payments, each in the amount of \$2,500, one in October of 1954 and one in October of 1955.

Mr. KENNEDY. What was that for?

Mr. CHENICEK. Those were cash payments asked for and received by Mr. Gross in return for his services in connection with the negotiation of the new platform workers 2-year contract.

The CHAIRMAN. Which side was he on, then; yours or the union?

Mr. CHENICEK. In this case he was representing management.

The CHAIRMAN. In this case he was representing management?

Mr. CHENICEK. Yes, sir.

The CHAIRMAN. Yet he was a member of the union?

Mr. KENNEDY. No.

The CHAIRMAN. He was not a member of the union?

Mr. CHENICEK. He was foreman. Frankly, I don't know whether he is a formal member of the union or not.

The CHAIRMAN. You don't know whether he was a member of the union at that time or not?

Mr. CHENICEK. No, sir.

Mr. KENNEDY. It was because of his connections with the union; is that correct?

Mr. CHENICEK. Well, he performed services that were valuable to the company.

Mr. KENNEDY. But he indicated also that he had these connections with the union?

Mr. CHENICEK. Surely.

Mr. KENNEDY. We don't know, Mr. Chairman, if at that time he was a member of any union or not, and, if so, what union.

The CHAIRMAN. He was then your employee at the time as foreman?

Mr. CHENICEK. Yes, sir.

The CHAIRMAN. But you paid him a bonus of \$2,500 each year to help you handle the matter?

Mr. CHENICEK. That is correct.

The CHAIRMAN. From your standpoint, that is what it amounted to?

Mr. CHENICEK. Well, actually, the two payments were for having negotiated or assisted in the negotiation of the beneficial 2-year contract covering those 2 years.

The CHAIRMAN. In other words, it was for one contract but in two payments?

Mr. CHENICEK. Yes, that is correct.

Mr. KENNEDY. Was that by check or by cash?

Mr. CHENICEK. By cash.

Mr. KENNEDY. Would you tell us what he was able to do in that case?

Mr. CHENICEK. Normally, the wage increases which would be realized by our platform workers in a new contract followed the pattern of wage increases that had been realized in the New York Teamsters contracts which came up for negotiation shortly before our contract expired. In the case of this 2-year contract, the wage increases which our platform workers realized were lesser than those realized by the New York Teamsters.

Mr. KENNEDY. He was able to get a better contract than you would have ordinarily gotten?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. At a lower wage rate for the employees?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. That is, than the Teamsters had obtained in New York; is that correct?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. Ordinarily you would follow the same pattern as New York?

Mr. CHENICEK. That is true.

Mr. KENNEDY. He was able to obtain a contract for a lower wage rate?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. For that, you gave him the \$5,000 on two separate occasions?

Mr. CHENICEK. He asked for and received those payments.

Mr. KENNEDY. The union that was involved at that time was local 1730?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. That is the International Longshoremen's Association, the ILA?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. That is the union run by Mr. Connie Noonan, is it not?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Mr. Gross is a very close associate of Mr. Noonan, is he not?

Mr. CHENICEK. They seem to be very closely associated.

Mr. KENNEDY. On that \$2,500, on the two separate occasions, did Mr. Gross request cash?

Mr. CHENICEK. He did.

Mr. KENNEDY. Has Mr. Noonan been paid any money directly by the company?

Mr. CHENICEK. I don't know that you would call it paid directly. When I came with the company in 1949 I inherited a situation whereby, at Christmastime each year, it had been the habit to give Mr. Noonan a \$200 cash payment. That practice has continued each year since then, with one exception. I believe there was one \$150 payment or gift instead of \$200. I don't recall.

Mr. KENNEDY. Did Mr. Noonan show up each year to pick up his \$200?

Mr. CHENICEK. He usually dropped around during the Christmas season, yes.

Mr. KENNEDY. Were you the one who gave him the \$200?

Mr. CHENICEK. I think in all instances except one I did. In that one case, I think I was on vacation at that time and Mr. Hillbrant made the gift offering.

Mr. KENNEDY. Was that always in cash?

Mr. CHENICEK. Yes, sir.

Mr. KENNEDY. Was that in an envelope?

Mr. CHENICEK. Yes.

Mr. KENNEDY. Did you give it to him at Christmas of 1958?

Mr. CHENICEK. Yes.

Mr. KENNEDY. So it is just several months ago he was given that?

Mr. CHENICEK. Yes.

Mr. KENNEDY. What do the records show as to how much money Mr. Noonan received?

Mr. KOPECKY. 1950 through 1958, he received a total of \$1,550.

Mr. KENNEDY. He is head of local 1730, Mr. Chairman, of the Longshoremen's Union, and an important Longshoreman official.

Senator MUNDT. Mr. Chairman?

The CHAIRMAN. Senator Mundt.

Senator MUNDT. You said that the wages that you received in this contract negotiated by Mr. Gross were less than the corresponding wages in the Teamsters contract arrived at in New York.

Were they less by more than \$2,500 annually?

Mr. CHENICEK. They were.

Senator MUNDT. By how much more?

Mr. CHENICEK. I frankly don't recall. To the best of my recollection, and this is just really a guess on my part, I would say that it possibly represented say a half of that saving. I may be wrong.

Senator MUNDT. A half of what?

Mr. CHENICEK. Well, in other words, had we concluded a contract on a comparable basis as we normally did, the additional cost to the company would have run somewhere in the neighborhood of \$5,000 additionally.

Senator MUNDT. In other words, your company saved about \$5,000, the workers lost about \$5,000 but Mr. Gross received \$2,500?

Mr. CHENICEK. That is correct.

Senator MUNDT. How are these \$200 payments to Mr. Noonan carried on the company books?

Maybe you know, Mr. Kopecky.

Mr. KOPECKY. The records reflect they were charged to shipping and delivery expense.

Senator MUNDT. So we find Uncle Sam's taxpayers once again involved in this and paying it as a cost of doing business. That is correct, is it not?

Mr. CHENICEK. Mr. Hillbrant should answer the question.

Mr. HILLBRANT. Could I have the question again?

Senator MUNDT. Once again we find Uncle Sam's taxpayers getting it in the neck because these \$200 payments made to a union boss are charged to shipping expenses, cost of doing business, and are a deductible item?

Mr. HILLBRANT. It was claimed as a deductible item.

Senator MUNDT. By your company?

Mr. HILLBRANT. By the company.

Senator MUNDT. I think the general public ought to get increasingly interested in this whole labor situation, Mr. Chairman, because it shows here again that, among other things, one reason why taxes are so high is that there are a lot of taxes that corporations might be paying if it were not for these deductions which are claimed, growing out of unsavory labor practices, relationships and conditions.

Mr. KENNEDY. Actually, on the \$5,000, there were really no negotiations in that contract, were there? Doesn't Mr. Noonan show up with the contract?

Mr. CHENICEK. Primarily it is a formality; yes.

Mr. KENNEDY. When we talk about Mr. Gross negotiating, actually he was having a conversation with Mr. Noonan and Mr. Noonan showed up with a contract; isn't that correct?

Mr. CHENICEK. Yes.

Senator MUNDT. Did Mr. Gross ever pick any Christmas gifts off the company Christmas tree?

Mr. CHENICEK. No, sir.

Senator MUNDT. He thought he was well enough taken care of?

Mr. CHENICEK. Presumably.

The CHAIRMAN. He got his Christmas in May.

Mr. KENNEDY. Were there any other payments other than the weekly payments, the monthly payments, the yearly payments, and the two bonuses of \$2,500 apiece; were there any other payments that were made?

Mr. CHENICEK. No.

Mr. KENNEDY. That is, to Mr. Gross?

Mr. CHENICEK. No.

Mr. KENNEDY. Do you know of any other payments that were made to Mr. Gross other than the payments I have enumerated?

Mr. HILLBRANT. Are you referring to the circumstance in 1948?

Mr. KENNEDY. 1948.

Mr. HILLBRANT. There were additional payments made in 1948.

Mr. KENNEDY. 1948?

Mr. HILLBRANT. 1948. They were made to either Connie Noonan or Harry Gross.

Mr. KENNEDY. Would you tell the committee how those payments happened to be made to Mr. Gross and/or Mr. Noonan?

Senator MUNDT. May I ask the witness, Mr. Chenicek, why he said no? Was he not with the company?

Mr. CHENICEK. No, sir, I think it might be well to establish for the record—we all came from the Midwest originally. For the record, as to our inception with this company, I, myself, came to New York in either March or April of 1949.

Senator MUNDT. I was just wondering why you had said no, because your partner said yes. I can understand it now because you were not with the company at that time.

Mr. CHENICEK. I was not there at that time.

The CHAIRMAN. Let the others state when they came with the company.

Mr. HILLBRANDT. I came with the company in June 1947, with the Neo Gravure Printing Co.

Mr. GERVASE. I came with the Neo Gravure Printing Co. in 1944.

Mr. KENNEDY. Mr. Gervase, in 1948 there was a strike in New York City of the Teamsters?

Mr. GERVASE. A general truck strike; yes.

Mr. KENNEDY. The primary local that was involved was Local 807, but other unions recognized the picket line and it was what amounted to a general strike?

Mr. GERVASE. Yes, sir. It was all truck lines, as far as I know.

Mr. KENNEDY. All trucking was shut down?

Mr. GERVASE. Yes.

Mr. KENNEDY. At that time you were doing work for newspapers, including the New York Times?

Mr. GERVASE. That is correct.

Mr. KENNEDY. And the New York Mirror?

Mr. GERVASE. That is right.

Mr. KENNEDY. Were you delivering their supplements?

Mr. GERVASE. Yes. We were delivering their Sunday supplements each week.

Mr. KENNEDY. So a problem arose about getting the supplements delivered; is that correct?

Mr. GERVASE. That is correct.

Mr. KENNEDY. And so it was a question of trying to work out an arrangement whereby, even though the strike was in existence, the supplements could be delivered to those two newspapers?

Mr. GERVASE. Yes.

Mr. KENNEDY. The trucking company that handled the supplements was the Cannon Trucking Co.; is that correct?

Mr. GERVASE. At that time, yes.

Mr. KENNEDY. Did you have some conversations with Mr. Cannon and also with Mr. Gross in connection with trying to get these supplements delivered?

Mr. GERVASE. Yes. The trucks were on strike and we were printing right along and had no means to deliver these printed sections. I was told that Cannon, as the owner of the truck, could effect deliveries if he drove the truck himself.

So I naturally put pressures on him to make whatever deliveries he could, personally. I did go to Gross to see what he could do to

make movements of trucks. Then, of course, Mr. Keller was then vice president and general manager. He made other arrangements that did get trucks rolling at nighttime.

MR. KENNEDY. Were those arrangements made with Mr. Gross and Mr. Connie Noonan?

MR. GERVASE. Mr. Keller actually made them.

MR. KENNEDY. Let me ask you, Mr. Hillbrant: Were those arrangements made with Mr. Connie Noonan and Mr. Gross?

MR. HILLBRANT. I received my instructions from Mr. Keller that the payments would be made to the two.

MR. KENNEDY. Did you, in fact, make payments to Mr. Connie Noonan and Mr. Gross?

MR. HILLBRANT. I did.

MR. KENNEDY. How much money, and during what period of time, did you pay to Mr. Gross—let me establish something. The deliveries went through for the New York Times and the Mirror?

MR. HILLBRANT. Yes, sir.

MR. KENNEDY. And for those deliveries, payments were made to Mr. Gross and Mr. Noonan?

MR. HILLBRANT. That is correct.

MR. KENNEDY. The two newspapers were able to get their supplements; is that correct?

MR. HILLBRANT. That is right.

MR. KENNEDY. And for that payments were made to Mr. Gross and Mr. Noonan?

MR. HILLBRANT. That is right.

MR. KENNEDY. Ultimately you were reimbursed for those payments by the New York Times and by the New York Mirror; is that correct?

MR. HILLBRANT. That is right.

MR. KENNEDY. Were those payments made to Mr. Gross and Mr. Noonan in the form of cash?

MR. HILLBRANT. They were all made in the form of cash.

MR. KENNEDY. Did Mr. Gross and Mr. Noonan charge so much per truck?

MR. HILLBRANT. They did.

MR. KENNEDY. Originally, what was it? \$250 a truck?

MR. HILLBRANT. \$250 a truckload, and it was subsequently increased to \$375 a truckload.

MR. KENNEDY. How much was paid in the form of cash to Mr. Gross and Mr. Noonan for this service?

MR. HILLBRANT. I think it was \$45,750.

THE CHAIRMAN. How much?

MR. HILLBRANT. \$45,750.

THE CHAIRMAN. Is this in addition to the actual cost of operation, in addition to salaries of the truck drivers, in addition to the cost of operating the truck? This is over and above all the normal costs?

MR. HILLBRANT. This is over and above.

THE CHAIRMAN. \$45,000 how much?

MR. HILLBRANT. It is \$45,750.

THE CHAIRMAN. Over what period of time?

MR. HILLBRANT. Well, according to the records I have, on either September 3 or 4 I paid \$5,500 out for the delivery of 22 loads at the rate of \$250 a load.

The CHAIRMAN. Over what period of time was the total of \$45,750 paid?

Mr. HILLBRANT. It was paid between the period of time September 3 and September 11, 1948.

The CHAIRMAN. September 3 and September 11 of 1948?

Mr. HILLBRANT. Yes, sir.

The CHAIRMAN. That is about 8 days.

Mr. HILLBRANT. That is right.

The CHAIRMAN. That was a pretty good haul, wasn't it?

Mr. KENNEDY. But they didn't work every day?

Mr. HILLBRANT. No, sir.

Mr. KENNEDY. They worked only what—4 or 5 days out of the 8?

Mr. HILLBRANT. I would say there was 5 days' work there.

Mr. KENNEDY. And actually it wasn't days. They just worked at night; is that correct?

Mr. HILLBRANT. Nights; yes. I assumed you meant that.

Mr. KENNEDY. Would you tell us, Mr. Kopecky, what the records show?

Mr. KOPECKY. Yes. It reflects that during this approximately 8-day period, \$45,750 in cash was cashed and the proceeds of the cash was paid to Noonan and Harold Gross.

Mr. KENNEDY. \$45,750. What days were they paid?

Mr. KOPECKY. September 2, 1948, a check was cashed for \$3,000; September 3, a check was cashed for \$9,500; September 7 a check was cashed for \$4,500; September 9 a check was cashed for \$10,000; September 10 a check was cashed for \$11,500; September 11 a check was cashed for \$13,000, totaling \$51,500.

Of this sum, over the period beginning September 3 through September 11, a total of \$45,750 in cash was paid to these two men.

The CHAIRMAN. Do you know where that money went beyond them?

Mr. HILLBRANT. I would like to make one correction of his statement.

Was there not, Mr. Kopecky, a redeposit of about \$4,500?

Mr. KENNEDY. I was just going to ask that.

Mr. KOPECKY. The total of the checks that were cashed totaled \$51,500. The total that was paid in cash to Noonan and Gross totaled \$45,750. There was a redeposit of the excess cash of \$4,505.38.

The CHAIRMAN. That would be for trucks that were not delivered? In other words, there was a payment in advance?

Mr. HILLBRANT. No, we did not pay in advance. You see, these trucks moved out at nighttime. The payoff was made the next day.

The CHAIRMAN. How did you overpay?

Mr. HILLBRANT. We did not overpay. We had the cash on hand.

The CHAIRMAN. You were withdrawing cash to pay them. You weren't paying them by checks. You were writing the checks for cash, withdrawing the cash, and when you got through you had \$4,500 left and you redeposited it; is that right?

Mr. HILLBRANT. Yes.

Senator MUNDT. What was the position that Mr. Gross had with your company at that time? Was he a foreman then?

Mr. HILLBRANT. He was foreman of the shipping department.

Senator MUNDT. Mr. Gross has been sort of an expensive luxury for your company, it seems to me, hasn't he? He gets a foreman's pay as

sort of a hunting license to prey around on your premises. \$45,700, I presume, is charged on the books of the company as a cost of doing business and deducted from taxes; is that right?

Mr. HILLBRANT. The entire cost of \$45,750, together with other costs which were incurred, was billed in its entirety to either the New York Times or the New York Mirror and we had no deduction on our books.

Senator MUNDT. So either the New York Times or the New York Mirror undoubtedly charged that as a cost of doing business. Once again Uncle Sam's taxpayers get rapped on the knuckles for a lot of extra taxes because of deductions made in reporting to the Internal Revenue Service.

Wouldn't that be a pretty good guess? Has your company, to your knowledge, made any other payments of any other kind to any union officials which you have not yet disclosed; that is, since you have been with the company?

Mr. HILLBRANT. There was a similar strike in 1946.

Senator MUNDT. Tell us about that.

Mr. HILLBRANT. That is where total payments of about \$10,000 were made. I was not with the company at that time and I can't—

Senator MUNDT. You can't speak firsthand, but do you know who got that \$10,000?

Mr. HILLBRANT. I do not know. I was not there at that time.

Senator MUNDT. Are there any others? Do you know?

Mr. GERVASE. I was there in 1946. I know that payments were made, according to our records. But I don't know to whom they were made because I didn't make them. At that time Fred Stewart was our vice president and general manager. If there were payments made—

Senator MUNDT. They were made on behalf of your company to some union official, but you don't know who?

Mr. GERVASE. I don't know who.

Senator MUNDT. Would you know who did make the payments?

Mr. GERVASE. I assume it was Fred Stewart. Fred Stewart was our general manager at that time.

Senator MUNDT. Back to Mr. Hillbrant.

Do you know of any other payments that the company had to make to union officials?

Mr. HILLBRANT. To the best of my knowledge and belief, no others.

Senator MUNDT. How about you, sir?

Mr. GERVASE. I don't know of any others.

Senator MUNDT. And you?

Mr. CHENICEK. No, sir.

Mr. KENNEDY. On the 1946 occasion, on whose behalf were those payments made?

Mr. GERVASE. What do you mean by "on whose behalf"?

Mr. KENNEDY. As I understand it, it was the same problem or situation as in 1948. This wasn't your own money. You were reimbursed.

Mr. GERVASE. The situation was similar to the 1948 situation.

Mr. KENNEDY. So you were reimbursed?

Mr. GERVASE. We were reimbursed by the Time and the Mirror, and I believe the Boston Herald for a small amount.

Mr. KENNEDY. The records are not complete for 1946, so we are not able to break that down. But we are able to break it down for 1948 as far as how much each newspaper paid in connection with the 1948 strike.

Let's give it for 1948, the New York Times—give it for the New York Times and the New York Mirror.

Mr. KOPECKY. The New York Times reimbursed in the sum of \$43,143.62, and the New York Mirror reimbursed in the sum of \$13,856.38.

Mr. KENNEDY. That figure is larger than \$45,000, but there were other expenses amounting to some \$11,600; is that correct?

Mr. KOPECKY. That is correct.

Mr. KENNEDY. That was apart from these cash payments that were made to Gross and Noonan?

Senator MUNDT. Were the other expenses just the legitimate haulage charges, or was there some more racketeering?

Mr. KENNEDY. We can't tell.

Mr. KOPECKY. The records reflect various payments for labor and supplies.

Senator MUNDT. You didn't charge the newspapers for the legitimate hauling charge that would normally be made?

Mr. HILLBRANT. We had to pay Mr. Cannon a greater amount for haulage during that period while the strike was on than we would normally have paid him.

Senator MUNDT. Why?

Mr. HILLBRANT. I am not able to answer that question. I don't know. I do know that it is higher. It was charged for at the rate of 50 cents a hundredweight.

Senator MUNDT. I think counsel had a question.

Mr. CRAIG. It has been answered, Senator. I was wanting the breakdown of the various amounts.

I am advised that the witness can give the \$11,000 and what it consists of, if you wish it.

Senator MUNDT. Yes, I would like to have that.

Mr. CRAIG. We will have to dig into it, but we can get it out.

Senator MUNDT. Mr. Chairman, I think we should have one of our staff members either look at the books or review the records of the New York Times and the Mirror in order to verify the statement which I made off the cuff and which I am pretty confident is accurate, that these extra costs were ultimately charged off as costs of doing business so that the American public, the taxpayers, are the ones who really paid this.

I think it is time the country finds out what happens when these payments are made and who actually pays them, because if they are in fact deductible expenses, this should be the concern of every workingman who has withholding taxes taken from his paycheck, and every taxpayer from the poorest to the richest in the country. I think we should verify that to complete the record.

The CHAIRMAN. I imagine we can get it verified, if we haven't already, by simply writing to the papers and asking them.

Senator MUNDT. If it would be simpler to look at the income tax returns, we can do it that way.

The CHAIRMAN. Their accountant would certify whether they charged it off as a business expense or absorbed it.

Mr. KENNEDY. We were advised that the statement would be made about the New York Times and the Mirror, and in order to complete the record, in fairness to them, we have asked representatives of the New York Times and Mirror to testify today. We expect they will be witnesses this afternoon.

Senator MUNDT. Very good. This will be one of the pieces of information that we will try to elicit.

Mr. KENNEDY. And also the American Weekly.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Can we put the total of how much money has been paid to Mr. Gross altogether?

Mr. KOPECKY. Well, that is——

Mr. KENNEDY (interrupting). Gross, Noonan and Gross' relatives.

Mr. KOPECKY (continuing). Total payments to Harold Gross, Mr. Noonan and members of the Gross family amount to \$307,136.80.

Senator MUNDT. I think you ought to divide that between Mr. Noonan and the Gross family. Are they related?

Mr. KOPECKY. It is not possible to do that in certain circumstances, because money was paid to both of them at the same time.

The CHAIRMAN. Anything further before we recess?

We will stand in recess until 2 o'clock this afternoon.

(Members of the select committee present at time of recess: Senators McClellan and Mundt.)

(Whereupon, at 12:30 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

(The select committee reconvened at 2 p.m., Senator John L. McClellan, chairman, presiding.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Church.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chenicek.

TESTIMONY OF CHARLES E. CHENICEK, ACCOMPANIED BY COUNSEL, GEORGE CRAIG—Resumed

Mr. KENNEDY. I just want to clarify one thing from the record this morning.

Where was the dispute in connection with the American Weekly? At your platform or at the platform of the Journal American?

Mr. CHENICEK. At the platform of the Journal American.

Mr. KENNEDY. Not at your place of business?

Mr. CHENICEK. Definitely not.

Mr. KENNEDY. This was a question of your trucks making deliveries to them and their people refusing to handle it?

Mr. CHENICEK. That is correct.

Mr. KENNEDY. During the recess a representative of their paper raised a question about it, and I wanted to be certain that it was clarified in the record.

Mr. CHENICEK. I see.

The CHAIRMAN. What it actually amounted to is that you acted as agent, in a sense, in the sense of go-between, between the Journal American and the racketeers; is that true?

Mr. CHENICEK. That is true.

Mr. KENNEDY. There was never any question in the conversations that you had with the representatives that you mentioned this morning what the payment was for; is that correct?

Mr. CHENICEK. Definitely not.

Mr. KENNEDY. That this payment would be made to an individual who would then go and spread it around to the various union officials in order to achieve this result?

Mr. CHENICEK. That is all.

The CHAIRMAN. Thank you. Call the next witness.

Mr. KENNEDY. Mr. Amory Bradford.

The CHAIRMAN. The Chair may state that this morning I intended to thank the three witnesses who were on the stand when we recessed for their cooperation and commend them for coming down here and testifying and giving us the facts as they have.

I think the time has come in this country if we are to stop this racketeering and rascality that is going on, that is an imposition on all decent, honest citizens in this country, and a burden on our economy, if we are to bring it to a stop, it is going to require that businessmen, honest, labor people, their leaders, all of us, stand up and be counted in this thing.

It is absolutely disgusting. It is sickening to have these businessmen come in here by the dozens and take the fifth amendment because they have been doing something they can't talk about. I wish they would come in like the last three witnesses have, and just tell what they have had to do, and how they have had to possibly pay off in order to operate, and there is nothing commendable about doing it, but when they feel they have to do it in order to operate, we have to get that information out in the open and get it on this record, get it officially under oath.

I think the Congress will have to take a lot of responsibility for this situation in the final analysis. We ought to enact laws, first, that are adequate to prohibit these conditions, and then the next measure of responsibility certainly rests upon law enforcement officials in the community where these things are happening.

I appreciate very much, as chairman of this committee, the witnesses who have just been on the stand.

Mr. KENNEDY. Mr. Chairman, could I also say that we received a great deal of cooperation from their attorney, Governor Craig, who was very cooperative from the beginning of the investigation.

The CHAIRMAN. All right. Whatever the Chair said for them goes for their attorney, too.

Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRADFORD. I do.

TESTIMONY OF AMORY H. BRADFORD, ACCOMPANIED BY COUNSEL,
THOMAS F. DALY

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. BRADFORD. My name is Amory H. Bradford. I am vice president and business manager of the New York Times, address, 229 West 43d Street, New York City.

The CHAIRMAN. You are business manager for the New York Times?

Mr. BRADFORD. Yes, sir.

The CHAIRMAN. And you have counsel?

Mr. BRADFORD. Yes, sir.

The CHAIRMAN. Please identify yourself.

Mr. DALY. Thomas F. Daly; Lord, Day & Lord, 25 Broadway, New York City.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. How long have you been with the New York Times?

Mr. BRADFORD. I have been with the New York Times since July 1947.

Mr. KENNEDY. How long have you been vice president?

Mr. BRADFORD. 2 years.

Mr. KENNEDY. How long have you been business manager?

Mr. BRADFORD. Business manager also for 2 years.

Mr. KENNEDY. Mr. Bradford, you have been contacted by the staff of this committee in connection with the matters that were testified to this morning; is that correct?

Mr. BRADFORD. I have.

Mr. KENNEDY. You, yourself, have no personal information or knowledge as to the payments that were made during the strikes of 1946 and 1948; is that right?

Mr. BRADFORD. I personally had no knowledge of those payments.

Mr. KENNEDY. You, at the request of the committee, and on service of a subpoena, however, were able to obtain some documentation in connection with these payments?

Mr. BRADFORD. I was. We met with the committee staff for the first time the day before yesterday, Monday morning, and after hearing their inquiry, we searched our files and records and were able to produce a fairly complete record of what took place in 1948. Unfortunately, the individual who conducted that transaction on the part of the Times, Mr. Harold Hall, who was then business manager and who retired 2 years ago, died last summer, so that the principal participant was not available to give us any direct personal recollection.

Mr. KENNEDY. You have prepared a rough statement, giving a summary of the situation as you found it in the records of the Times; is that correct?

Mr. BRADFORD. I have.

Mr. KENNEDY. The witness has furnished a copy to the committee.

The CHAIRMAN. You are simply testifying from what your records reflect; is that correct?

Mr. BRADFORD. I am testifying entirely from what our records reflect, and all of those records have been turned over to the committee staff.

The CHAIRMAN. Thank you very much.

You may proceed and read your statement, if you desire.

Mr. KENNEDY. May I just ask you before you start, this question: The records would appear to substantiate in summary the testimony that was given this morning; is that correct?

Mr. BRADFORD. That is correct.

This statement was prepared simply as a summary of what we found in our records and not as a normal statement. But I would be glad to read it rather than going through the process of question and answer.

The CHAIRMAN. This statement, then, you have read it and you state that to the best of your knowledge it is correct?

Mr. BRADFORD. It is correct on the basis of the records we have.

The CHAIRMAN. This statement may be printed in full in the record at this point.

(The statement referred to follows:)

My name is Amory H. Bradford. I am vice president and business manager of the New York Times. I joined the New York Times staff on July 8, 1947, as assistant to the publisher. I became secretary of the company on November 10, 1954, and took my present position on April 23, 1957.

The previous business manager of the Times was Harold Hall. He had been business manager since May 1, 1941, and retired on April 15, 1957. He died on July 12, 1958.

The business manager at the Times is responsible for dealings with outside contract suppliers. One of the most important of these is the company which does the Times rotogravure printing of our magazine section, book review and other special Sunday sections. From April 1933 until January 1, 1950, this printing was done for the Times by Neo-Gravure Printing Co., Inc., on 26th Street in New York City.

The Times business manager is also responsible for handling labor relations. The Times does not now and has not had any direct relation with the Teamsters Union. It is, however, dependent on trucks driven by members of the Teamsters Union for the delivery of its newsprint and the delivery to its building of copies of the supplements printed by rotogravure, including the book review and magazine.

The committee's subpoena calls for information about incidents which occurred some 10 and 12 years ago. The Times' business manager, Mr. Hall, who then handled these matters, is no longer available. In an effort to supply the committee with as much information as possible we have thoroughly searched our files in the limited time available, since we were asked about this and served with one subpoena, relating to 1948, day before yesterday, and the other, relating to 1946, only yesterday.

In August of 1946 negotiations were in process between all of the New York teamsters locals and the various employer groups. On September 1 local 807 struck and this strike spread and resulted in a complete tie-up of all trucking shipments in the New York area. The strike lasted until September 17.

The Times and all other newspapers had to eliminate most of their advertising and print small newspapers containing only news. A large part of the book review and magazine which had been printed in advance had to be dropped from the issue of Sunday, September 15, 1946, and distributed on Sunday, September 22. Losses incurred as a result of this strike were extremely heavy, and included an item of over \$40,000 for adjustments to advertisers for the late inclusion of the magazine and book review. The trucking company which delivered newsprint to the Times, Daniels & Kennedy, settled with the union earlier than many others and the Times made their services available to the Herald Tribune and other newspapers in order to make it possible for them to stay in business.

We have searched our records with respect to the 1946 strike, in response to the subpoena from this committee requiring us to furnish all documents showing reimbursements made to the Neo-Gravure Co. for payments made to any labor officials in connection with the 1946 strike. All that we have located is a

letter from Fred Stewart, vice president of Neo-Gravure, to Harold Hall, business manager of the New York Times, dated October 10, 1946, stating that a check of Neo-Gravure was enclosed in the amount of \$1,800 to cover amounts drawn from the Times on September 6 and 7. Attached to this copy of Mr. Stewart's letter are some receipts covering part of this amount and a penciled note which reads "C. J. Noonan, president Motor and Bus Terminal Chk. (short for 'Checkers') Plat. (short for 'platform')" and, in shorthand, "workers union loc. 215102," the address "265 West 14," and a telephone number "Watkins 9-8463." I have checked with Mr. Pelz who delivered \$1,000 of this amount to Mr. Gervase of Neo-Gravure. He was at that time a clerk in the business office and knew nothing of the reason for the money except that he understood it was needed by Neo late one evening to make payments in connection with deliveries to the Times which had been delayed by the strike.

We do not retain checks and vouchers beyond 7 years. However, our expense accounts for 1946 indicate that Neo-Gravure was paid a total of \$20,837.71 for strike expense in October 1946. We have no records indicating whether this was for anything other than the added costs incurred because of disrupted schedules.

Mr. Stewart who signed the above letter was vice president of the Neo-Gravure Printing Co. at the time the letter was written but left the company at the end of December of the next year, 1947. He died on September 4, 1958.

In 1948 another Teamsters' strike occurred. During August 1948 substantial progress had been made in negotiations between various Teamsters' Union locals and the employer groups. Three locals and five associations had reached contract agreement through mediators' efforts. These covered 40,000 drivers. Local 807, however, refused to follow the settlements reached by the others and a strike was called on September 1, which initially shut down all deliveries in New York City. Some other locals continued to work, particularly those in New Jersey.

On September 8, Local 807 began to seek individual pacts with different employers. This tactic proved successful and the operators began to sign up on September 9. In the meantime some of the other Teamsters' locals had continued at work. The strike was finally settled on September 18, 1948.

The delivery of the Times Magazine and Book Review from Neo-Gravure on 26th Street to the Times plant on 43d Street was interrupted by the strike of Local 807 against the truckers which Neo used. Without these supplements the Sunday Times delivered to readers would have been incomplete. Also, they contained substantial advertising on which many Times advertisers were depending for their fall business.

The negotiations with Neo-Gravure for delivery of the Times Magazine and Book Review from Neo-Gravure's plant to the New York Times plant were carried out by Harold Hall, the Times business manager. In response to the committee's subpoena, we have made available Mr. Hall's entire file relating to this transaction. He kept a detailed record of the events as they developed which reveals the following:

On Thursday, September 2, Mr. Hall discussed the situation with Mr. Keller, vice president of Neo, and learned later from Keller that the Neo shop steward, Gross, had said that Noonan, "can reach the proper people." Keller then talked with Noonan who apparently quoted \$300 a load "to cover everything and everybody." Mr. Hall agreed to reimburse Neo for this payment contingent upon complete delivery. Keller later was able to work out a lower price of \$250 a load. These amounts, which apparently were paid to Noonan by Neo-Gravure, and later billed to the Times, appeared to have covered actual expenses for the deliveries as well as what Mr. Hall characterized in his memoranda as "tribute." As a result of this, the Book Review and Magazine for the issue of Sunday, September 5, 1948, were delivered.

The next week, deliveries of the Book Review were held up until Thursday. In the meantime, Noonan increased the charge per load to \$375, explaining that he had had to employ members of a New Jersey local. Under this arrangement, the entire Times Book Review and Magazine for the issue of Sunday, September 12, were moved in.

Since the Times records retention system provides for the destruction of old checks and invoices after 7 years, we do not have the checks and invoices covering the 1948 payments to Neo-Gravure. The files of our auditing department, however, do contain a memorandum dated September 23, 1948, referring to the

Neo-Gravure invoice covering the strike period and giving the details of the payments. These include the following items:

For the issue of September 5, 1948: Extra handling of magazine section 29 truckloads at \$250 each, representing necessary payment to facilitate movement of trucks.....	\$7, 250
For the issue of September 12, 1948: Extra handling of book review and magazine sections 74 truckloads at \$375 each.....	27, 750
Total.....	35, 000

Additional charges for overtime, lunches, etc., brought the total payments in connection with the strike to \$43,143.62.

The CHAIRMAN. You may summarize it, if you wish.

Mr. BRADFORD. The business manager of the Times is responsible for its dealings with outside contract suppliers. One of the most important of these is the company which does the Times rotogravure printing of our magazine section, Book Review, and other special Sunday sections.

From April 1933 until January 1, 1950, this printing was done for the Times by the Neo-Gravure Printing Co., which at that time was located on 26th Street in New York City. The Times business manager is also responsible for handling labor relations. The Times does not now and has not had any direct relationship with the Teamsters Union.

It is, however, dependent on trucks driven by members of the Teamsters Union for the delivery of its newsprint and the delivery to its building of copies of the supplements printed by rotogravure, including the Book Review and Magazine which, in 1948, were delivered from 26th Street in Manhattan and which today are delivered from Hoboken, N.J.

The committee's subpoena called for information about incidents which occurred some 10 and 12 years ago. As I have said, the Times' business manager, Mr. Hall, who handled these matters, is not available. We have searched our files carefully and the following is a summary of the matters which we found in our files in response to the committee's subpoena.

The first relates to the Teamsters' strike in August of 1946, when negotiations were in process between all of the New York Teamsters' locals and the various employer groups. A strike started with Local 807 on September 1 of that year, and the result was a complete tieup of all deliveries in the New York City area.

At that time, the Times and other newspapers had to eliminate most of their advertising and print small newspapers containing only news. The Times Book Review, which had been printed in advance, and its Magazine, were dropped from the issue of Sunday, September 15, 1956, and distributed later on the 22d.

We have searched our records with regard to this strike, and have found nothing that outlines in any detail anything in response to the committee's questions concerning payments to labor leaders at that time.

We did find a letter from Mr. Fred Stewart, who was then vice president of Neo-Gravure, to Harold Hall, dated October 10, 1956, enclosing a check from Neo in the amount of \$1,800 to cover amounts drawn from the Times on September 6 and 7. Attached to that were some memoranda which were relatively meaningless, but one of them

listed the name of C. J. Noonan, president of the Motor and Bus Terminal Checkers, and an address and telephone number.

The CHAIRMAN. I hand you here what purports to be or what I think may be photostatic copies of the documents to which you have just referred.

Will you examine them and state if you identify them, please?

(The documents were handed to the witness.)

Mr. BRADFORD. Yes, these are photostatic copies of the letter dated October 10, 1946, and the attachments which appeared in our file.

The CHAIRMAN. The letter and attachments thereto may be made Exhibit No. 6.

(Documents referred to were marked "Exhibit No. 6" for reference and may be found in the files of the Select Committee.)

Mr. BRADFORD. I should make it clear that those attachments were not enclosures with the letter, but were simply attached to the letter in the file.

The CHAIRMAN. In other words, it was not indicated that they were transmitted with the letter?

Mr. BRADFORD. That is correct. In fact, the letter would indicate that they were not. These were receipts and a separate notation that were in the same file.

The CHAIRMAN. But they all relate to the same subject matter?

Mr. BRADFORD. I assume so, sir, simply because they appeared in the same file.

The CHAIRMAN. With that explanation, it may still remain as one exhibit, exhibit No. 6.

Mr. BRADFORD. I have checked with the individual whose name appears on one of these vouchers, who was a clerk in the office at that time, and he had no recollection or knowledge, in fact, his recollection is clear that he had no knowledge, of the purpose for which the \$1,000 which he delivered to Neo-Gravure was to be used, except that it had something to do with expediting shipments of the Magazine, which were being held up because of the strike.

We were asked for checks and vouchers which we do not retain for more than 7 years under our record retention system. We did find, however, expense accounts in 1946 that indicated we made a payment to Neo-Gravure on a voucher which is no longer in existence of \$20,837.71 which was coded in our accounts under a heading "Strike Expense."

We have no records indicating whether this was for anything other than added costs incurred because of disrupted schedules. I think we supplied a copy of the accounting record where that amount appears.

The CHAIRMAN. I hand you a photostatic copy of your cash and check records, the one of October 1946.

Will you examine this and state if you identify it as such?

(The document was handed to the witness.)

Mr. BRADFORD. This is a photostatic copy of that record on which the next to last item is the one indicating the payment to the Neo-Gravure Co. which I mentioned.

The CHAIRMAN. That may be made exhibit No. 7.

(Document referred to was marked "Exhibit No. 7" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. You said there was not anything in your records to indicate anything other than that this was for added cost incurred because of disrupted schedules. That is your statement, I believe.

Mr. BRADFORD. That is correct.

The CHAIRMAN. Well, that could be literally true if the money was paid for the purposes as testified to by the preceding witness; is that correct?

Mr. BRADFORD. It could be, sir, but what I meant to indicate is that there is nothing in our files to support any interpretation of the figure whatsoever. When I get onto the 1948 strike you will see we did there have a detailed memorandum outlining the payment.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. The only documentation that you have in the 1946 strike that shows any tie with the union official is the memorandum that has the name C. J. Noonan and the fact that he is president of this particular local?

Mr. BRADFORD. That is correct.

(At this point Senator Church left the hearing room.)

The CHAIRMAN. I am very sorry, but we find ourselves temporarily without a quorum.

Everyone will be at ease. We will have to suspend until another Senator can be present.

(A short recess was taken.)

(At the expiration of the recess, the following members of the select committee were present: Senators McClellan and Mundt.)

The CHAIRMAN. The committee will come to order.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Would you go ahead, Mr. Bradford, and continue your statement, please?

Mr. BRADFORD. I had finished covering the 1946 Teamsters' strike.

Mr. KENNEDY. Just so that we identify Mr. Noonan, his local is 1730 of the ILA?

Mr. BRADFORD. I have no knowledge of what his local was. There was an indication on that memorandum which you have in your file of a local number.

Mr. KENNEDY. It is the Terminal Workers Union, and this local's number, Mr. Chairman, at the time the strike took place, was local 21510. It is the same local that then became local 1730 of the ILA.

So we have a number of different unions that are involved in the discussion, the ILA, the Mail Handlers local, as well as the Teamsters Unions. Those are the various unions we are discussing today, and various locals of the Teamsters.

Would you continue, please?

Mr. BRADFORD. Going on to 1948, in August 1948 negotiations were again going on between the locals of the Teamsters Union in New York and the various employer groups. By the contract end on August 31, three locals and five employer associations had reached contract agreements through mediators' efforts. These agreements covered about 40,000 teamsters.

Local 807, however, had not followed the settlements of the others, and called a strike on September 1. This strike initially shut down all deliveries in New York City, although some other locals did continue to work sporadically, particularly in New Jersey.

On September 8, local 807 began to seek individual pacts with the different employers. This tactic was successful and the operators began to sign up on September 9. The strike was finally settled September 18.

The delivery of the Times Magazine and Book Review from Neo-Gravure on 26th Street to the Times plant on 43d Street, was interrupted by the strike of local 807 against the trucking company which Neo-Gravure used. Without these supplements, the Sunday Times delivered to its readers would have been incomplete. Also, they contained substantial advertising on which many Times advertisers were depending for their fall business.

Mr. KENNEDY. Could I interrupt you there?

Mr. BRADFORD. Yes.

Mr. KENNEDY. What is the value of the Sunday supplement as far as advertising is concerned?

Mr. BRADFORD. There are two supplements involved here. One is the Times Magazine, which at that time of year carries, I think, its peak volume of the year, particularly the Sunday after Labor Day, including advertising of all kinds, but particularly women's wear at that season. The other section involved was the Times Book Review, which contains all of the book advertising in the Sunday paper.

Mr. KENNEDY. Can you give us any figures, approximate figures, as to the value of the loss that would be incurred?

Mr. BRADFORD. Yes. I made a quick calculation this morning. The total advertising revenue in the four sections that were involved in 1948, that is, two Magazines and two Book Reviews, one for Sunday, September 5, and the other for Sunday, September 12, was approximately \$160,000.

Mr. KENNEDY. That was the advertising?

Mr. BRADFORD. That was the advertising income for those four sections.

Mr. KENNEDY. And, of course, these supplements had already been printed, had they not?

Mr. BRADFORD. They had already been printed initially, or were in the process of being printed for September 5. The ones for September 12 were in the process of preparation and were printed before the delivery question was entirely resolved.

Mr. KENNEDY. So this was going to be a loss that you would sustain?

Mr. BRADFORD. If the sections were not delivered from Neo-Gravure to the Times, we would have spent almost the entire cost of producing them, aside from the cost of delivering them to the readers, and would have received no income from the advertising.

The CHAIRMAN. How about if they had been delivered a week later?

Mr. BRADFORD. We would have had—

The CHAIRMAN. Would you have recouped?

Mr. BRADFORD. The best way to answer that would be to describe our experience 2 years earlier, in 1946, where we did deliver a substantial part of the magazines which could not go out in the first Sunday of the strike, with the Sunday after the strike ended, and our allowances to the advertisers in that section came to a total of about \$40,000.

The CHAIRMAN. In other words, if it does not go out on time, if the advertising does not get distributed on time, you have to make an adjustment?

Mr. BRADFORD. That is correct, sir.

Mr. KENNEDY. Could you give us any figures as to what would have been the loss if you would not have been able to get these two sections out on the two Sundays?

Mr. BRADFORD. Well, the loss would have been the advertising revenue figure, the \$160,000.

Mr. KENNEDY. Then you also had the cost of printing.

Mr. BRADFORD. The cost of the printing we had incurred in any event.

Mr. KENNEDY. If you knew you weren't going to get them out you wouldn't have incurred the cost?

Mr. BRADFORD. We might have stopped the printer. But you will see why this was not done. We did make arrangements for delivering the September 5 section so we then went ahead and also printed the September 12 section.

Mr. KENNEDY. Go ahead.

Mr. BRADFORD. The negotiations with Neo-Gravure for delivery of the Magazine and Book Review to the Times were carried out by Harold Hall, the Times business manager. We have made available to the committee staff, in response to the subpoena, the entire file relating to this transaction, which had been kept in Mr. Hall's office.

The detailed record of the events as they developed in these memoranda reveals the following, in summary—do you wish me to identify the memoranda?

Mr. KENNEDY. Maybe it would be well to read from the memoranda.

The CHAIRMAN. I hand you photostatic copy of what appears to be a memo for the file, "H. H. to J. C., Teamsters Strike."

I ask you to examine it and to state if you identify this document, this photostatic copy of a document.

(The document was handed to the witness.)

Mr. BRADFORD. Yes. This is a photostatic copy of the memorandum.

The CHAIRMAN. Of what? Identify it for the record at this point.

Mr. BRADFORD. It is a memorandum for the files from H. H., which is Mr. Hall's initials, to his secretary, J. C., James York.

The CHAIRMAN. From Mr. Hall to his secretary? That is what the initials indicate?

Mr. BRADFORD. Right. It is headed "Teamsters Strike" and "From H. H.'s Notepad," and then a series of dates begin down the side beginning with Wednesday, September 1, 1948, and running through Saturday, September 11, 1948.

The CHAIRMAN. That may be made exhibit No. 8.

(Memo referred to was marked "Exhibit No. 8" for reference and may be found in the files of the Select Committee.)

The CHAIRMAN. Now I hand you another series of memoranda which appear to be dated—well, they seem to be from Mr. Hall to his secretary—September 15, September 23, and October 25, 1958.

I will ask you to examine these three documents together with a pen-written or penciled memorandum attached, and ask if you identify those.

(The documents were handed to the witness.)

Mr. BRADFORD. I have before me, sir, one memorandum dated October 25, signed H. H. W. Those initials stand for Harry H. Weinstein, who was then auditor of the Times. It is addressed to Mr.

Dreyfuss, dated October 25, 1958. Attached to it is a memorandum dated September 23, 1948, addressed to General Adler, who was then vice president and general manager of the Times, and signed with the initials J. P. A., which stand for Joseph P. Alduino, who was then assistant to the Times auditor.

Third is another memorandum for the files dated September 15, 1948, again with the initials H. H., for Harold Hall, to J. C., James York, his secretary, also headed "Teamsters Strike."

The CHAIRMAN. These memoranda may be made exhibit No. 9 and lettered in the order of their dates.

(Memos referred to were marked "Exhibit Nos. 9A, 9B, and 9C" for reference and may be found in the files of the Select Committee.)

Mr. KENNEDY. I think the statement summarizes these memoranda; is that correct?

Mr. BRADFORD. Yes, sir; the statement I was reading summarizes these memoranda and which cover, to some extent, matters other than those called for in the subpoena. Some of Mr. Hall's entries refer to deliveries of newsprint and other aspects of the Teamsters strike. Perhaps it would save the committee's time if I simply would read the summary and respond to any questions you have.

Mr. KENNEDY. All right.

Mr. BRADFORD. On Thursday, September 2, Mr. Hall discussed the situation with Mr. Keller, vice president of Neo-Gravure, and learned later from Keller that the shop steward at Neo, named Gross, had said that one Noonan "can reach the proper people."

Keller then talked with Noonan, who apparently quoted \$300 a load to cover everything and everybody.

Mr. Hall agreed to reimburse Neo for this payment, contingent upon complete delivery. Keller later was able to work out a lower price of \$250 a load.

These amounts which apparently were paid to Noonan by Neo-Gravure and later billed to the Times—and I am summarizing my own conclusion from going through this file, which is somewhat different from the statement made by the Neo-Gravure officials this morning.

It appeared to me that these amounts might have covered some actual expenses for the deliveries as well as what Mr. Hall characterized in his memoranda as tribute.

As a result of this, the Book Review and Magazine for the issue of Sunday, September 5, 1948, were delivered.

The next week, deliveries of the Book Review were held up until Thursday. In the meantime, Noonan increased the charge per load from \$250 to \$375, explaining that he had to employ members of a New Jersey local. Under that arrangement, the entire Times Book Review and Magazine for the issue of Sunday, September 12, were moved in.

We have not retained the checks and invoices covering these payments from the Times to Neo-Gravure since we destroy all vouchers after 7 years.

We did find, however, the memorandum dated September 23, 1948, from the Times auditing department, which I just identified, which referred to the Neo-Gravure invoice covering the strike period, of which the total amount, and this total amount also appears in a

record of cash disbursements, of disbursements by check, which we furnished the committee, was \$43,143.62.

In the itemization of that amount, which included some payments for overtime, supper for the men that were working overtime, et cetera, there were identified the following specific items:

For the issues of September 5, 1948, extra handling of Magazine section, 29 truckloads at \$250 each, representing necessary payment to facilitate movement of trucks, \$7,250; for the issue of September 12, extra handling of Book Review and Magazine sections, 74 truckloads, at \$375 each, for a total of \$27,750.

The total of these two items comes to exactly \$35,000.

Mr. KENNEDY. I have a copy of this memorandum before me, and I just want to ask you about some of the excerpts from it.

For instance, I think you make reference to it on August 2, 1948:

I. M. Keller, of Neo, here from Chicago. Asked him to lunch. Told him Times or Neo will be receiving overtures from a "fixer or two." (W. B. S. had word that Noonan, business agent Platform Workers' Union, stood ready to aid.)

Who is W. B. S.?

Mr. BRADFORD. Let me correct your introductory statement. I think you said August 2. It was September 2.

Mr. KENNEDY. Excuse me. September 2.

Mr. BRADFORD. W. B. S. stood for William B. Schleigh, who was then circulation manager of the New York Times. He left the Times later that year.

Mr. KENNEDY (reading):

Keller on return to his office phoned me that Gross, shop steward of Neo's platform workers, reported business agent Noonan "can reach the proper people." Keller to talk with him.

Evidently that had reference to Harold Gross, or would you know anything further?

Mr. BRADFORD. Nothing in our files would identify Gross beyond this statement.

Mr. KENNEDY. Then at 7 o'clock on the same day, it says:

Keller phoned had satisfactory talk with Noonan, who quoted \$300 a load "to cover everything and everybody." Agreed this contingent upon complete delivery. Keller will seek to get price down.

Then on the next day:

Keller got price down to \$250 a load each, Times and Mirror. Our share last night about \$3,750. (Keller just before leaving for Chicago reported a partial payment made to Noonan this morning).

Then on September 8, 1948:

At 5:30 p.m., Gervase, of Neo, reported "going to move." Quoted Noonan "If street cleared, no question about it." Further conversations with McElroy confirmed police arrangements. A captain came in at 6:30 and went over details with me.

During night Noonan increased load charge to \$375, explaining had to employ members of Union 560 (Jersey) and evidently for a tribute to 807.

The CHAIRMAN. What do you mean "tribute"? Is that a commendation or a payoff?

Mr. BRADFORD. Mr. Chairman, these are Mr. Hall's words. In a later memorandum he identified the word "tribute" a little more explicitly and indicated he assumed this was a payment to union officials.

The CHAIRMAN. Sometimes we pay a fellow a tribute, and then again we pay him a bribe that we call a tribute.

Mr. KENNEDY. There was no question, at least up to that time, that there were fixers, as was mentioned here, and there were union officials to whom money had to be paid; is that correct?

Mr. BRADFORD. I think that is the only possible conclusion you can draw from this memorandum, Mr. Kennedy.

Mr. KENNEDY. And it would appear, would it not, from the memorandum of September 11, 1948, the excerpts, that the New York Times was being held up even after the strike was over; is that right?

Mr. BRADFORD. That certainly is a possible interpretation of that rather involved description of what happened in the last night of the strike.

Mr. KENNEDY. Maybe I will just—

Mr. BRADFORD. I am unable to reach a firm conclusion except that it is perfectly clear that for all of the trucks that brought in the Magazine and Book Review, this \$375 payment was made that night.

Mr. KENNEDY. And it is also clear that this payment was—or at least it appears from the memorandum that the payments were being also made by the Mirror as well as the New York Times.

Mr. BRADFORD. Yes. There is at least one reference to the Mirror. As I understand it, the Mirror also had a section printed by Neo-Gravure at this time, though I am not familiar with any of the details.

The CHAIRMAN. It says your part of it was so much, where it mentions the Mirror, does it not?

Mr. BRADFORD. Yes, sir. I assume this means that they paid the same amount that we did, but nothing in our files would indicate it.

The CHAIRMAN. I mean, you don't know other than the fact that the record shows it indicates there that there was so much total between the Mirror obligation, the obligation of the Mirror and the New York Times, and the New York Times part of it was so much.

Mr. BRADFORD. That is correct, sir.

The CHAIRMAN. Isn't that what it shows?

Mr. BRADFORD. That is correct, sir.

Mr. KENNEDY. Then on September 11, 1948, it says:

Word was around early last night that strike was over as far as 807 was concerned with D. & K. and Cannon.

Cannon was the trucking company?

Mr. BRADFORD. Yes, sir. D. & K., I believe, stands for Daniels and Kennedy, a trucking company that handled newsprint, but it had no relation to this situation. Nor to you. Cannon was the trucking company which delivered our sections from Neo-Gravure.

Mr. KENNEDY. I will just read this in for information:

Sat., September 11, 1948.—Delivery of Magazine completed at 5:25 this a.m.

Word was around early last night that strike was over as far as 807 was concerned with D. & K. and Cannon-Neo. Neo's delivery operation started early—first load was received at 8. No more came through though five loads were due within an hour. Much conversation between 9 and 10, when four loads arrived. Then another long wait. Gervase could not explain it at his end; brought Noonan to Schleg at 10:05. Noonan said he wanted to be fair, everybody had been good to him. However, he had put some people on for the complete job and wondered if he was going to have to take care of them himself. There were 39 loads to come. After conferring with W.B.S. Gervase asked Noonan if \$3,000 would take care of it all. Noonan replied sure, and departed, ostensibly

to return to the Neo plant. Shortly afterwards, W.B.S. had word some trucks that were on the way had been stopped at 9th Avenue at 34th Street by 807 men. The trucks were off the police route for reasons unexplained. Cannon could not find the shop steward, who earlier in the night had put 807 men on the trucks, when Cannon said he would sign the contract. Cannon now could not get hold of the shop steward, President Strong, or any official of 807. Nothing moved until midnight. At that time Gervase found Noonan and asked what it was going to cost to move the remainder of the delivery. Noonan said it would cost \$375 a load, including those that came in—that was the best he could do. When told it would be paid, he phoned Gross at the Neo plant "send them up" and trucks arrived within 5 minutes, were fully accompanied by police. Noonan declared the delivery would be completed at 5:30—it was, at 5:25.

Cannon signed contract with 807 this forenoon.

So from this memorandum there was no question that payments were being made to certain officials involved in this matter?

Mr. BRADFORD. There is no question that the payments were made by the Times to Neo-Gravure in the amounts indicated. It is a question of what Neo-Gravure did in terms of passing this on to union officials with whom their trucking company was dealing, I think, was covered by their testimony this morning. Certainly this would confirm, though it doesn't, itself, show where the payments went.

The CHAIRMAN. These files certainly confirm that testimony this morning, corroborate it very strongly, do they not?

Mr. BRADFORD. I believe they do.

The CHAIRMAN. These are files out of the New York Times?

Mr. BRADFORD. Everything that I have identified this afternoon are from the New York Times files; yes, sir.

The CHAIRMAN. I don't think we stated that earlier.

All right.

Mr. KENNEDY. The memorandum would appear to indicate that the representative of the New York Times was aware at the time as to where this money was going.

Mr. BRADFORD. I don't want to quibble about it, but it certainly was aware that a man named Noonan said that for so much a truck these trucks could be moved. I don't think this file indicates any clear-cut awareness of the exact disposition of that money once it had been paid by the Times to Neo-Gravure.

Mr. KENNEDY. Again, I don't want to quibble either. What I want to determine is, for instance, the memorandum quoting that money paid to Noonan and that he in turn can reach the proper people, and in another place it mentions the fact that fixers would be in touch with the New York Times, and then it states that Noonan was approached and said that for so much a truck he could get the trucks through.

The payments, it shows from the memorandum, were made to Neo, but it is also clear from the memorandum that the New York Times, at least the representative of the New York Times who wrote this memorandum, was aware of the fact that these payments were being made to these people.

Mr. BRADFORD. That is correct. The payments were made. Certainly it is a fair deduction that the payments were made from Neo-Gravure to Noonan. The only thing I question is that I don't think it is clear what happened beyond that.

Mr. KENNEDY. I agree with you. I agree with you. The memorandum shows what you have just stated.

Mr. BRADFORD. That is right.

The CHAIRMAN. In other words, they don't know whether Noonan went out and shot craps with it or whether he passed it around or anything else.

Mr. BRADFORD. There is nothing to indicate what happened to it.

The CHAIRMAN. Not to indicate what happened to it after it reached him, but he was the man to see that it got to the right people.

Mr. KENNEDY. Do you feel, looking back on it, that it was a proper payment?

Mr. BRADFORD. Well, I find it hard today to judge an action that was taken in 1948. Certainly it is clear that the union official dealing with Neo-Gravure said that he could obtain delivery of these sections if these payments were made. These were sections to which they were legitimately entitled under our contract with Neo-Gravure. We were not ourselves involved in any labor dispute. We were anxious to deliver a complete Sunday paper to our readers, which is always a newspaper's first interest. We have already gone into the advertising problem, the fact advertisers were depending on these sections for fall business.

I can say that in the light of the circumstances that have developed since then, particularly many of the facts brought out by this committee, and in earlier investigations of similar situations in New York, the Times would not today under any circumstances agree to reimburse any of its suppliers for payments to union officials. We would put the public interest against corruption in labor-management relations above private interests in having any such sections delivered.

I would think, looking back to 1948, all we can say is that we hope we have learned something from our own experience and that of others.

The CHAIRMAN. Have you anything further?

Mr. KENNEDY. No.

This other memorandum has been made an exhibit, Mr. Chairman. In it it makes a number of references. For instance—

Gervase of Neo on the phone this noon reported the total of special expenses incurred by Neo in connection with the Book Review and Magazine sections for September 5 and September 12 is \$43,143.

Then it states:

Nearly all of this was "tribute," although the total includes some overtime we authorized and \$1,400 in printing the book review of the 12th ahead of schedule on Saturday and Sunday, September 4 and 5. I told Gervase that our figures on the "tribute" were approximately the same, \$7,000 to \$7,200 the first week.

Then it goes on to say in the second week \$31,000 to \$32,000.

Senator MUNDT. Mr. Bradford, you were in the hearing room this morning, were you not?

Mr. BRADFORD. I was sir.

Senator MUNDT. This may have been brought out earlier in the afternoon before I was able to attend the committee hearing, but I made the statement this morning which you must have heard me make: The public has a very great interest in matters of this kind and should have an interest in necessary labor reform legislation because these expenses, incurred under the duress from which you were suffering at that time I presume are charged off as deductible expenses in the cost of doing business. I conjectured that an examination of the books or

papers of the company involved would show that these were listed as regular business expenses and as tax-deductible items.

I would simply like to have you confirm that fact or deny it, whatever the facts indicate.

Mr. BRADFORD. There would be no question whatsoever but that these expenses which are outlined in this memorandum were listed as deductible expenses on our income tax return. I think I should point out in this connection, however, that if these amounts had not been paid we would have had \$160,000 less revenue to report in those same returns. So that the net result is not quite what you implied.

Senator MUNDT. Other than the fact that you naturally, in the course normal business proceedings, pay a tax on whatever profits there are, wherever this kind of extortion takes place I think the public should realize that they are participants in the tribute which is paid, because this is money which otherwise would have borne its fair share of taxation.

Mr. BRADFORD. Quite apart from the tax consideration, sir, we agree completely that this kind of payment is not the sort of payment that we would make today.

As I said earlier, we would not make payments of this sort today in order to obtain delivery of sections of this kind.

Senator MUNDT. My statements this morning were not necessarily critical of the practice of corporations charging this off as a cost of doing business.

I think, in fact, it probably was a cost of doing business, where the corporation elects to pay tribute instead of fight for what it considers to be a fair consideration. I am speaking as one member of the committee and I am very glad to hear you enunciate what you tell me is at the present time the policy and philosophy of the management of the New York Times.

Mr. BRADFORD. Thank you, sir.

Senator MUNDT. If somebody doesn't stand up and fight these fellows, I think the cost of blackmail is like the experience encountered with inflation. The more you get of it, the faster it moves.

The CHAIRMAN. The Chair checked with the staff. We find that Mr. Gross received two payments of \$2,500 each in cash, and also received each year \$4,000 annual payments in cash. That was in addition to his weekly check and also his check each month—well, it amounts to \$28,000 over 7 years' time, at \$4,000 a year.

He paid no income tax on that. He didn't report that. Neither did he report the \$5,000, or the two \$2,500 payments.

Not only did the Government lose when these expenses are charged off by business, presumably reputable businesses when they make such payments, either being compelled to or when they enter into a collusive agreement to do so, but usually the recipient of them, who actually profiteers out of it doesn't report it and, therefore, the tax is lost on that also.

It is a very sad commentary, indeed, to find that we have such a situation in this country, a country that is supposed to be ruled by law and order and decency and human relations, to find that certainly one of the greatest publications in the country, along with others, associated in the same community, you may say, is subjected to a situation where the publication can absolutely be closed down unless

they pay tribute. I don't think the Federal Government has the constitutional power to close down a publication, even by excess taxation. I don't think the Government could do it. It would be unconstitutional for it to do it.

Yet we find here a bunch of rats under the guise of a union of some kind that go out and, today, are vested with an economic power that they can compel you, all of the subscribers, the advertisers, all of them, to do without the benefits and advantages that such publication provides. They can compel them to suffer that loss of those benefits and advantages as well as the operators of the business, of doing the business, making a legitimate profit, unless they pay tribute.

I think it is very unfortunate that your paper did pay tribute or any other one pays tribute to it.

I hope it is true that your publication has learned a lesson from this, and that those who may read or get information about what has happened in this whole transaction, as being revealed here by the testimony before this committee now, will profit by it, will take heed from it, and I trust they will be encouraged and will be given a moral stiffening of resistance to such would-be exploitations of them and the imposition of such extortion, because that is exactly what it amounts to.

I do not see anywhere in this that any laboring man who is working for wages benefited in any sense, in any degree, anywhere, anyhow, or any time. If anyone benefited from it, obviously it was at the expense of the laboring people, at the expense of the general public, and at the expense of what should be and is legitimate business enterprise. I hope there is a great lesson learned from this, not only from those of us who are here listening to it, but from the public at large, that we can all profit by it.

I also hope it will do something else. I said earlier that I think Congress has to take a large measure of the blame because it has vested these powers, or made it possible for them to arrogate to themselves the powers of economic force that they are using for this character of extortion.

I think the responsibility rests upon the Congress today to enact laws that will prohibit it, and then the burden would naturally shift to the law enforcement agencies to enforce those laws.

Thus, we will protect our society, protect our economy, and protect legitimate business from this kind of raiding, molestation, and exploitation.

Thank you very much. I think you are certainly to be commended for coming here and just laying the cards on the table.

Of all decent citizens of this country I am reminded of what we used to copy on the typewriter: Now is the time for all good citizens to come to the aid of their party.

Now is the time for all good citizens to come to the aid of—I don't like to use the word "crusade"—come to the aid of law enforcement and order in the United States.

Syndicated crime, racketeering, gangsterism tactics have already made dangerous, dangerous advances. The time has come when we have to mobilize those forces that can resist them and those forces that can repel the advances they have already made.

Is there anything further?

Mr. BRADFORD. I just want to say thank you, Senator. Since I was sitting in the stand while you made your very fine statement, I would like to make it clear for the record that the Times was not involved in the situation with respect to Mr. Gross, I believe it is, on which you based your remarks, and nothing in which we were involved had anything to do with our relations with our own employees and our own unions.

The CHAIRMAN. I understand. You just had to simply agree to pick up the tab, so to speak, in order to get your services that you were entitled to.

Mr. BRADFORD. Correct, sir.

The CHAIRMAN. But, again, it is a sad commentary upon the state of affairs in this country that such a situation can prevail or does prevail or has prevailed, and that such acts have occurred.

Senator MUNDT?

Senator MUNDT. I think it should be said, too, that as long as people do pick up the tab to finance extortion like this, it tends to make that extortion profitable. Once the corporate community decides it is not going to be blackmailed, and is not going to get involved in paying the fee that these racketeers prescribe, it will be very helpful in correcting the situation.

So I hope you stand firmly on the policy which you enunciated, which puts you on a much firmer position than to say, "Well, we really didn't pay the money to Mr. Noonan direct. We just paid it to the other company and they paid it to Mr. Noonan," which isn't very convincing evidence.

Mr. BRADFORD. Thank you, sir. I can assure you that we will stand on it.

Mr. KENNEDY. Were there some matters that you wanted to straighten out, Mr. Bradford?

You or the Times or anyone connected with the Times has never paid any money directly or indirectly to the Mail Deliverers Union in connection with any of the negotiations that they have had with either your wholesalers or with yourselves?

Mr. BRADFORD. That is correct. We negotiate with the Newspaper and Mail Deliverers Union through the Publishers Association of New York. We, of course, deal directly with their officials in our own plant on day-to-day matters.

I wanted to make it clear in the light of some of the remarks that were made here yesterday that we had never made any payments, direct or indirect, to the union or any of its officers or officials.

Mr. KENNEDY. And as far as any of the wholesalers making any payments directly or indirectly to any of the union officials, as I understand it, you have informed them that such payments would not be reimbursed nor tolerated by the New York Times?

Mr. BRADFORD. I would like to break my answer to that into two parts. First, we have not reimbursed any wholesaler for any such payments. Our payments to the wholesalers are made on the basis of a fixed scale of weight allowances for the weight of the papers they deliver, and they also receive their returns from the difference between the price they pay us for each 100 papers and the price for which they resell those papers to the dealers. This is a normal

profit of an independent contractor which is usually referred to in this trade as commissions.

The commissions that the Times pays the wholesalers, city and suburban, in a year, aggregate very close to \$3 million on these fixed scales. We have never been asked to reimburse any wholesaler for any amounts paid to any union official.

We have been aware of the rumors that such payments are made that have been extent for many years. I think these rumors were quite clearly summarized in articles that appeared in the Washington Post and in The Reporter and in, I believe, The Nation, last December and this January.

After our strike was settled in December, we reached the conclusion that the time had come to put our relations with this union on a much sounder basis than they obviously had been in the period preceding the strike. We concluded that if any payments had been made and, mind you, all we knew were rumors that had been circulated, we had no knowledge of any such payments, but if such payments had been made, the time had come when they should stop.

I asked our circulation director in his dealings with the wholesalers in connection with the new contract arrangements with them this spring to make it absolutely clear that if any such payments had been made, they were not to be made in the future. We realize these wholesalers are independent contractors and that we cannot control what they have done, but we felt that since we both deal with the same union, if anything of this kind existed, the time had come to clear the air and get rid of it.

Mr. KENNEDY. Mr. Chairman, I might say that since we began this investigation, the New York Times has been most cooperative, unlike some groups that we have had to work with. When we served the supena, they agreed to compile the information and documents and did turn over the documents to the committee, although some of them, obviously, reflected on the New York Times.

But they made those documents available to the committee and they have been completely candid and completely cooperative with the staff of the committee since it began its investigation, their attorney as well as the officials of the New York Times.

The CHAIRMAN. Thank you very much. We are very pleased that you have cooperated. I think it is to your credit.

Is there anything further?

Mr. KENNEDY. We just have two people here, Mr. Chairman, not directly on this, that we expected to hear, who I would like to release. It would only take a minute to call them.

The CHAIRMAN. Call them forward.

Mr. KENNEDY. Mr. Levine and Mr. Ertis.

The CHAIRMAN. Be sworn, please.

Do you and each of you—is it one or two?

Mr. KENNEDY. I want both of them. Mr. Ertis?

The CHAIRMAN. You and each of you do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ERTIS. I do.

Mr. LEVINE. I do.

**TESTIMONY OF SOLOMON LEVINE, ACCOMPANIED BY COUNSEL,
SIDNEY I. FLOREAN; AND IRVING ERTIS, ACCOMPANIED BY
COUNSEL, HARRY B. STEINBERG—Resumed**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LEVINE. Mr. Solomon Levine, 255 West 23d Street, New York City, N.Y. I represent Manhattan News Co., vice president and director.

The CHAIRMAN. Thank you.

Mr. ERTIS. Irving Ertis, 209-03 32d Avenue, Bayside, N.Y.; president, Pacific News Co.

The CHAIRMAN. Each of you have counsel?

Will you identify yourself as counsel?

Mr. FLOREAN. Sidney I. Florean, counsel for Manhattan News.

Mr. STEINBERG. Harry B. Steinberg, counsel for Mr. Ertis.

Mr. KENNEDY. You are president of Pacific News Co., Mr. Ertis; is that right?

Mr. ERTIS. Yes, sir.

Mr. KENNEDY. And, as such, you are a member of the Magazine Wholesalers Association; is that right? It is the group.

Mr. STEINBERG. May I say Mr. Ertis is partially deaf?

Mr. KENNEDY. You are a member of the Magazine Wholesalers, are you?

Mr. ERTIS. Yes, sir.

Mr. KENNEDY. Mr. Ertis, how long have you been president of the Pacific News Co.?

Mr. ERTIS. Since 1955.

Mr. KENNEDY. And what magazine do you handle?

Mr. ERTIS. All of them.

Mr. KENNEDY. All magazines?

Mr. ERTIS. All of them from regular franchised publishers.

Mr. KENNEDY. Where does your company operate—in the New York City area?

Mr. ERTIS. In Brooklyn and parts of Queens.

Mr. KENNEDY. Have you made any payments to any union officials, directly or indirectly?

Mr. ERTIS. I respectfully decline to answer on the grounds of my constitutional privilege.

Mr. KENNEDY. Mr. Ertis, do you know Mr. Michael Spozate?

Mr. ERTIS. I respectfully decline to answer on the grounds of my constitutional privilege.

The CHAIRMAN. Knowing him wouldn't tend to incriminate you, would it, just knowing the man? Is that what you are saying?

Mr. ERTIS. Yes.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Tierney has been sworn. Could I ask him what the record shows as far as Mr. Spozate is concerned?

The CHAIRMAN. Yes.

TESTIMONY OF PAUL J. TIERNEY—Resumed

Mr. KENNEDY. Have you anything on his background?

Mr. TIERNEY. He is vice president of Pacific News Co., and a part of the stock of the company is owned or is in the name of his wife, Rose Spozate. He has an extensive criminal record dating back to 1911, consisting of 10 arrests, including charges of burglary, larceny, felonious assault, white slave traffic act, and bookmaking. He was convicted on eight occasions, two for juvenile delinquency, for which he received suspended sentences; petty larceny, for which he received a suspended sentence; unlawful entry, for which he received a sentence of 60 days; and a charge of bookmaking, for which he was fined.

Mr. KENNEDY. Do we find Mr. Ertis loaned money to Mr. Spozate?

Mr. TIERNEY. Yes.

Mr. KENNEDY. Would you give us that situation?

Mr. TIERNEY. An examination of the records of Pacific News Co. revealed that Mr. Ertis borrowed \$13,500 from Pacific News Co. He deposited this amount in his personal bank account on the same day, October 28, 1958.

(At this point Senator Church entered the hearing room.)

Mr. TIERNEY. On October 29, 1958, the check cleared Mr. Ertis' account. An examination of Michael Spozate's account on October 29, 1958, revealed that \$13,500, the same amount, was deposited to his personal account. Thereafter, on November 3, 1958, Spozate wrote a \$9,000 check payable to the Bi-County News Co.

We have been advised by the officials of Bi-County News Co. that he has an investment in that company, too. That is the company which is partially owned by Irving Bitz, who testified yesterday.

Mr. KENNEDY. Can you explain that transaction to us, Mr. Ertis?

(At this point Senator Mundt left the hearing room.)

Mr. ERTIS. I respectfully decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. We have been looking for Mr. Spozate for 2 months. Can you tell us where he has gone?

Mr. ERTIS. I respectfully decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Levine, you are secretary-treasurer of the Manhattan News Co.?

Mr. LEVINE. And vice president.

Mr. KENNEDY. Manhattan News Co. is also a member of this association?

Mr. LEVINE. We have no association as you are defining association.

Mr. KENNEDY. Are you a member of any group?

Mr. LEVINE. I am a member of Atlantic Coast——

Mr. KENNEDY. What is the name of it?

Mr. LEVINE. Atlantic Coast Independent Distributors Association.

Mr. KENNEDY. Is there any other association you are a member of?

Mr. LEVINE. No; we have no association.

Mr. KENNEDY. You are engaged in the wholesale distribution of magazines in the Borough of Manhattan?

Mr. LEVINE. Yes, sir.

Mr. KENNEDY. And you employ some 50 union drivers; is that right?

Mr. LEVINE. Approximately.

Mr. KENNEDY. And a gross business of about \$8.9 million a year?

Mr. LEVINE. No, sir.

Mr. KENNEDY. How much?

Mr. LEVINE. I would say a gross business of approximately between \$4½ million and \$5 million, sir.

Mr. KENNEDY. Have you made any payments directly or indirectly to any union official?

Mr. LEVINE. I respectfully decline to answer that question, sir, on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. The stockholders of the Manhattan News Co. are whom?

Mr. LEVINE. The stock is held in three parts. Two parts are held in trust. I am the trustee for two minor children.

Mr. KENNEDY. Who are the two children?

Mr. LEVINE. Myron Garfinkle and Gale Garfinkle.

Mr. KENNEDY. Are they the daughters of the Henry Garfinkle, president of the American News Co.?

Mr. LEVINE. Daughter and son.

Mr. KENNEDY. Who is the third individual?

Mr. LEVINE. Mrs. Ann Garfinkle.

Mr. KENNEDY. Who is she?

Mr. LEVINE. The wife.

Mr. KENNEDY. Of Henry Garfinkle?

Mr. LEVINE. That is right.

Mr. KENNEDY. Henry Garfinkle is the president of the American News Co.; is that correct?

Mr. LEVINE. That is correct.

Mr. KENNEDY. Was he aware of the fact that you were going to appear before this committee and refuse to answer whether you make any payments to any union officials?

Mr. LEVINE. I decline to answer that question on the grounds the answer may tend to incriminate me.

Mr. KENNEDY. Did you discuss it with Mr. Garfinkle?

(The witness conferred with his counsel.)

Mr. LEVINE. I decline to answer that question on the grounds the answer may tend to incriminate me.

The CHAIRMAN. Do you regard yourself as a businessman?

Mr. LEVINE. Yes, sir; I do.

The CHAIRMAN. Do you favor this racketeering in business, in labor-management relations?

Mr. LEVINE. I decline to answer on the ground the answer may tend to incriminate me.

The CHAIRMAN. The only answer that could incriminate you is to say that you do. Is that the impression that you want to leave?

(The witness conferred with his counsel.)

Mr. LEVINE. I decline to answer on the ground the answer may tend to incriminate me.

The CHAIRMAN. You don't have to answer it.

Proceed.

Mr. KENNEDY. On January 23, 1958, the Manhattan News Co. made a loan of \$7,500 to Michael Spozate of the Pacific News Co. Could you tell us what that was for?

Mr. LEVINE. I decline to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. And on January 24, 1958, Spozate deposited the \$7,500 in his personal bank account at the National City Bank of New York in Brooklyn. Can you give us any information about Mr. Spozate's activities?

Mr. LEVINE. I decline to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. That is all for these witnesses.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Warren Kelly.

The CHAIRMAN. Come forward, Mr. Kelly.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

**TESTIMONY OF WARREN KELLY, ACCOMPANIED BY COUNSEL,
THOMAS A. BRENNAN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. KELLY. Warren Kelly, 1111 Midland Avenue, Bronxville, N.Y.; vice president and advertising director of the New York Mirror.

The CHAIRMAN. You have counsel.

Please identify yourself.

Mr. BRENNAN. I am Thomas A. Brennan, 959 8th Avenue, New York City, N.Y.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Kelly, you held what position in 1948?

Mr. KELLY. General manager.

Mr. KENNEDY. And what position did you hold in 1946 with the New York Mirror?

Mr. KELLY. Director of retail advertising.

Mr. KENNEDY. I will ask you to identify this document.

The CHAIRMAN. The Chair presents to you a photostatic copy of a document and I ask you to examine it and state if you identify it. (The document was handed to the witness.)

Mr. KELLY. I do.

The CHAIRMAN. What is it?

Mr. KELLY. A memorandum written by me on September 16, 1948, to Charles J. Weindorf, the subject of which is the Neo-Gravure bill.

The CHAIRMAN. It may be made Exhibit No. 10.

(Memo referred to was marked "Exhibit No. 10" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, Mr. Kelly, we have had testimony by representatives of the Neo-Gravure in connection with the strike that occurred in 1948, where there was difficulty in delivering the supplement sections of both the New York Times and the New York Mirror.

We have had testimony from the representatives of the New York Times, and you are being called as a representative of the New York Mirror to give whatever facts you have in connection with this.

You are aware, or you were aware that in connection with the difficulty that existed in 1948 in the delivery of the supplemental section, there were certain payments that were made by the New York Mirror; is that correct?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. And those payments were made to Neo-Gravure?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. To obtain those deliveries?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. This memorandum would appear to indicate that the New York Mirror paid some \$13,856.38 in connection with those deliveries.

Mr. KELLY. That is correct. I don't think the entire amount is there; it is specified, however, in the memorandum.

Mr. KENNEDY. I believe the whole cost was \$13,856.38.

Mr. KELLY. Approximately \$10,000 was paid.

Mr. KENNEDY. To Mr. Gross and Mr. Noonan?

Mr. KELLY. I don't know.

Mr. KENNEDY. You mentioned \$10,000.

Mr. KELLY. That was made to Neo-Gravure.

Mr. KENNEDY. And the rest of the \$13,000 went to whom?

Mr. KELLY. It says in the memorandum there, and I don't remember.

Mr. KENNEDY. What was the \$10,000 that was paid to Neo-Gravure? What was that for, Mr. Kelly?

Mr. KELLY. As far as I know, to expedite the shipment of magazine supplements from Neo-Gravure's plant on 26th Street to the Mirror plant on 45th Street by their trucks.

Mr. KENNEDY. And how were they going to expedite them?

Mr. KELLY. I don't know how they were going to expedite them.

Mr. KENNEDY. You paid some \$10,000 for the service. What was going to be done?

Mr. KELLY. We paid it afterwards.

Mr. KENNEDY. You paid it afterwards, but what did they do then? What did you understand they did?

Mr. KELLY. They were going to expedite them.

Mr. KENNEDY. What did they do, and what did you find out and what did you learn that they did to expedite them?

Mr. KELLY. They told me that they had spent it, so much per load.

Mr. KENNEDY. And that is indicated in this memorandum; is that right?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. Some \$150 a load?

Mr. KELLY. \$375, and there were varying amounts, and some were at \$275.

The CHAIRMAN. Is that something unusual?

Mr. KELLY. Very.

The CHAIRMAN. Did it arouse your curiosity?

Mr. KELLY. Not at the time.

The CHAIRMAN. Is that unusual, \$250 a load extra, that didn't arouse your interest at that time?

Mr. KELLY. I was interested chiefly in having the magazines delivered, so that we could deliver them.

The CHAIRMAN. You were not interested in knowing where your money was going or what it was going for?

Mr. KELLY. We had a contract with Neo-Gravure to print and deliver the papers to us.

The CHAIRMAN. For so much?

Mr. KELLY. For so much.

The CHAIRMAN. This was in addition to the "so much," was it not?

Mr. KELLY. That is right, and that contract also provided that there were escalator clauses, that any extra expenses, and so forth, we would meet the extra expenses.

The CHAIRMAN. When they present something for extra expense, wouldn't you want to know what it was for?

Mr. KELLY. I understand that it was going to be, although I did not handle it at the time, I understood that they were going to pay extra for getting the trucks out through the strike.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Did you inquire as to who was to receive the money?

Mr. KELLY. I did not.

Mr. KENNEDY. You didn't care where the \$10,000 went as long as you got your magazine sections?

Mr. KELLY. Exactly.

Mr. KENNEDY. Do you think that is the proper attitude for a business executive?

Mr. KELLY. I think it is the proper attitude for an executive that wants to sell 2 million papers.

Mr. KENNEDY. That is the most important thing?

Mr. KELLY. And with the advertising revenue that is in the 2 million papers, we are in exactly the same position as the Times.

The CHAIRMAN. Mr. Kelly, surely you don't mean to imply here that all legitimate business ought to just surrender to this racketeering exploitation whenever it occurs? You don't mean to say that, do you?

Mr. KELLY. I do not.

The CHAIRMAN. Well, in testifying here at a great indifference, and it doesn't matter to you as long as you got your papers out. Is that what you mean to say?

Mr. KELLY. It wasn't my position at the time.

The CHAIRMAN. You are doing the testifying now, and I am trying to find out.

Mr. KELLY. I realize that, and it wasn't my position at the time to arrange with Neo-Gravure to get them. We had a circulation manager who would arrange with Neo-Gravure.

The CHAIRMAN. I can understand you did not actually make the arrangements, and I can understand that. But I could hardly conceive that you would want to place your stamp of approval on some arrangement that would pay out this extortion money, and that is what I regard it.

Mr. KELLY. I don't place my stamp of approval on it.

The CHAIRMAN. I think that you would condemn it and not say that you had no interest in it just so you got your papers. You didn't mean to say that?

Mr. KELLY. No; I didn't mean to say that, and I think that I condemn such practices.

The CHAIRMAN. I don't see how a businessman that wants to do a legitimate business and wants to uphold the standards of ethics in

our economy in business affairs in this country can possibly condone that sort of practice, or that act. I hope you don't say that you do.

Mr. KELLY. I don't condone it.

Mr. KENNEDY. Would you do it again?

Mr. KELLY. No; I would not.

Mr. KENNEDY. You would not make these payments that you made in 1948; you would not do it again?

Mr. KELLY. Now you are asking me as an individual, that is not in that position. I have nothing to do with that part of the business now.

Mr. KENNEDY. I am asking you if you were in that position again.

Mr. KELLY. As an individual citizen I would not.

Mr. KENNEDY. Let us assume you were back in the same position, as an executive of the New York Mirror. Would you make those payments now as you made them then?

Mr. KELLY. That I would have to give more thought to.

The CHAIRMAN. Did you make the payments then, or authorize them?

Mr. KELLY. I did not authorize them; no, sir.

Mr. KENNEDY. This is the memorandum. It would appear to show Mr. Kelly's participation.

The CHAIRMAN. You had full knowledge of the transaction, that the money was being paid at the time.

Mr. KELLY. I authorized the payment later.

The CHAIRMAN. You authorized the payment at the time. Well, the question should be, whether you should under the same circumstances authorize payment again like that.

Mr. KELLY. No; I would not.

The CHAIRMAN. Why?

Mr. KELLY. Because I have a different view. This was 11 years ago.

The CHAIRMAN. You know it is the wrong thing to do, do you not? Your paper editorially would condemn it in others just like that.

Mr. KELLY. Exactly.

The CHAIRMAN. Don't you condemn it when you do it?

Mr. KELLY. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. You wouldn't do it again if you were in the same position?

Mr. KELLY. I would not.

Mr. KENNEDY. That is all.

Here is one other memorandum in connection with the 1946 strike.

The CHAIRMAN. I hand you what looks like a pen-written memorandum and ask you to examine it, Mr. Kelly, and see if you can identify it. It has no date on it, I don't believe, but you may identify it.

This other memorandum, made exhibit No. 10, came from the files of your paper, did it not?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Thank you.

Mr. KELLY. This does, too. As far as I can tell from this memorandum, I only saw it for the first time yesterday or the day before, and this has to do with the 1946 strike.

The CHAIRMAN. I understand it did. It does not have to do with the 1948 one. You had another one in 1946?

Mr. KELLY. That is right, sir, and I was not the general manager at the time.

The CHAIRMAN. But can you identify that as a memorandum from your files?

Mr. KELLY. It is.

The CHAIRMAN. Thank you. It may be made exhibit No. 11.

(Document referred to was marked "Exhibit No. 11" for reference and will be found in the appendix on p. 18327.)

Mr. KENNEDY. I want to read you some excerpts from the memorandum, Mr. Kelly.

The memorandum has a first paragraph here which I do not think refers to our situation. But it states here:

Neo-business agents of New York Teamsters, \$2,750 first week, and then a question mark second week.

Do you know what that referred to?

Mr. KELLY. I have to guess on this one.

Mr. KENNEDY. Would you tell us what you think?

Mr. KELLY. I would imagine that it refers to some payment to the Teamsters. I think it says in there the Times in that first paragraph, the Times and the Mirror or one and the other.

Mr. KENNEDY. It says business agents of the New York Teamsters, \$2,750 the first week, and a question mark the second week. This was in the file on the 1946 strike; is that not correct? This memo was taken from that.

Mr. KELLY. I believe it was, it was in some file.

Mr. KENNEDY. And then the next paragraph:

Union representatives for Jersey Tunnel comics, \$400.

What did that refer to?

Mr. KELLY. That is when the comics, I think, were delivered from Wilkes-Barre, Pa., by one union, had to go through the tunnel and there was a strike at the time, of the New York truckdrivers, and that might have been a payment, and I say it might have been, because I don't know, and I am just guessing, but it might have been payment to the New York union to let the trucks go through.

Mr. KENNEDY. Then the next paragraph is "Claims for musclemen, \$6,700."

Mr. KELLY. That I can't say.

Mr. KENNEDY. Then it says, "Kenney, \$5,000 donation," and then "\$1,700 other."

You had a man by the name of Kenney with you?

Mr. KELLY. We did have a circulation man by the name of Kenney.

Mr. KENNEDY. Do you know what claims for musclemen of \$6,700 referred to?

Mr. KELLY. I don't know.

Mr. KENNEDY. Did the New York Mirror use musclemen in that strike in 1946, that you know of?

Mr. KELLY. We did not. We were not on strike at the time. It was New York truckdrivers, the Mailers and Deliverers Union.

Mr. KENNEDY. The last paragraph says,

Cannon; \$10 a night plus meals to take pickets away so trucks can come through.

The total there is \$2,000.

Mr. KELLY. I think that had something to do with getting the trucks through.

The CHAIRMAN. Is there anything further?

Senator CHURCH. I have no questions, Mr. Chairman.

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 10:30 tomorrow morning, and we will meet here in this room.

(Whereupon, at 4:40 p.m., the select committee recessed, to reconvene at 10:30 a.m., the following day. Members of the select committee present at the taking of the recess were Senators McClellan and Church.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, MAY 7, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Homer E. Capehart, Republican, Indiana; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; P. Kenneth O'Donnell, administrative assistant; Paul J. Tierney, assistant counsel; George M. Kopecky, assistant counsel; Walter R. May, assistant counsel; Walter J. Sheridan, investigator; Robert J. Cofini, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. John J. Padulo.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PADULO. I do.

TESTIMONY OF JOHN J. PADULO

The CHAIRMAN. State your name, your place of residence and your business or occupation.

Mr. PADULO. John Joseph Padulo, 351 West Sixth Street, Erie, Pa.; business manager of the Erie Times-News.

The CHAIRMAN. You waive counsel?

Mr. PADULO. I have no counsel.

The CHAIRMAN. Do you waive counsel?

Mr. PADULO. Yes, sir.

The CHAIRMAN. Thank you. Proceed.

Mr. KENNEDY. Mr. Padulo, prior to joining the Erie Times-News, you were employed by the Hearst organization; is that correct?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. And your name came out in the testimony yesterday as one of those who was involved in this \$4,000 payment that was made each year by the Hearst organization, and which was paid up until 1958. You prepared an affidavit for the committee, in the presence of a staff member?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. You were business manager from 1952 to 1955?

Mr. PADULO. Yes, sir.

The CHAIRMAN. I present to you what purports to be the affidavit that you signed for the staff and ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. PADULO. Yes, sir.

The CHAIRMAN. Is that correct?

Mr. PADULO. Yes, sir.

The CHAIRMAN. Does it state the truth?

Mr. PADULO. Yes, sir.

The CHAIRMAN. It may be printed in the record at this point. Print it in full.

(The affidavit referred to is as follows:)

AFFIDAVIT

STATE OF PENNSYLVANIA,
County of Erie, ss:

I, John Joseph Padulo, of 351 West Sixth Street, Erie, Pa., make this affidavit freely and voluntarily to Joseph F. Maher, who has identified himself to me as an investigator of the United States Senate Select Committee on Improper Activities in the Labor or Management Field, and I know this affidavit may be used in a public hearing.

I am presently business manager of the Erie Times-News.

Prior to joining the Erie Times-News I was employed by the Hearst organization for a period of approximately 28 years.

I was business manager of the American Weekly from May 1952 through December 1955, at which time I was transferred to Los Angeles as business manager of the Los Angeles Examiner.

My duties as business manager of the American Weekly included approval of all disbursements, approval of invoices, and I negotiated various labor contracts and did other duties of a business manager that would come up in the normal course of business.

During the year 1951 a contract was negotiated with Neo-Gravure for the printing of the American Weekly effective with the issue of May 11, 1952. All labor negotiations and the drawing up of the printing contract were completed before I became business manager of the American Weekly.

As business manager of the American Weekly I approved all expenditures pertaining to the printing of the American Weekly. In May of each year, as I recall, there was an item of \$4,000 that appeared on the invoices submitted by Neo-Gravure to the American Weekly and labeled "Miscellaneous Expense" or "Expense." This \$4,000 was paid in order to keep labor peace and it was included in the total amount of the invoice.

I was told by Mr. Chenicek, who was general manager of the Neo-Gravure Weehawken plant, that this \$4,000 had to be paid in May of each year to certain individuals in order to keep labor peace, and the production of the American Weekly.

I approved the \$4,000 payment after a discussion with the New York general management office and was told to make the payment by the general manager, J. D. Gortatowsky.

As a newspaper man of 30 or more years' experience, it is my opinion that if this payment was not made every year, the American Weekly would not have been printed.

The above statement was made to the best of my recollection.

J. J. PADULO.

Sworn to and subscribed before me this 4th day of May 1959.

ALICE C. PEERBOOM, *Notary Public, Erie, Erie County, Pa.*

My commission expires January 7, 1963.

The CHAIRMAN. You may make comments about it or read any excerpts from it.

Mr. KENNEDY. I think to expedite matters, he could read it into the record, Mr. Chairman.

The CHAIRMAN. It may be read into the record at this point and then you may be interrogated about it. You may read it.

Mr. PADULO. Do you want me to read it out loud?

The CHAIRMAN. Yes; read it out loud. Just read the pertinent parts of it.

Mr. PADULO (reading):

Prior to joining the Erie Times-News I was employed by the Hearst organization for a period of approximately 28 years.

I was business manager of the American Weekly from May 1952 through December 1955, at which time I was transferred to Los Angeles as business manager of the Los Angeles Examiner.

During the year 1951 a contract was negotiated with Neo-Gravure for the printing of the American Weekly effective with the issue of May 11, 1952. All labor negotiations and the drawing up of the printing contract were completed before I became business manager of the American Weekly.

As business manager of the American Weekly I approved all expenditures pertaining to the printing of the American Weekly. In May of each year, as I recall, there was an item of \$4,000 that appeared on the invoices submitted by Neo-Gravure to the American Weekly and labeled "Miscellaneous Expense" or "Expense." This \$4,000 was paid in order to keep labor peace and it was included in the total amount of the invoice.

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I approved the \$4,000 payment after a discussion with the New York general management office and was told to make the payment by the general manager, J. D. Gortatowsky.

As a newspaper man of 30 or more years' experience, it is my opinion that if this payment was not made every year, the American Weekly would not have been printed.

The CHAIRMAN. On what do you base that opinion? If you didn't pay this \$4,000 each year to—to that fellow Gross, was it?

Mr. PADULO. I don't know.

The CHAIRMAN. You don't know who the money went to?

Mr. PADULO. No, sir.

The CHAIRMAN. But you knew it was not connected with legitimate operations, it was paying a tribute to someone to keep from being molested or interfered with in your proper operations?

Mr. PADULO. All I know about the item, sir, is that it was being paid to Neo-Gravure to insure labor peace and guarantee delivery of the American Weekly.

The CHAIRMAN. That wasn't a part of the original contract with the Neo-Gravure, was it?

Mr. PADULO. No, sir.

The CHAIRMAN. That is something that was over and beyond the legal contract that was entered into?

Mr. PADULO. Yes, sir.

The CHAIRMAN. Did it occur to you that such a payment might be improper?

Mr. PADULO. Yes, sir.

The CHAIRMAN. So you realized that at the time you were, in effect, having to pay tribute to someone; didn't you?

Mr. PADULO. Yes, sir.

The CHAIRMAN. I mean, you were conscious of that, whether you went into all the details of it or not?

Mr. PADULO. I was not, sir. I mean, as far as my end of it, it was an item being paid to maintain labor peace.

The CHAIRMAN. That is what I said. Ordinarily, you don't have to pay tribute to somebody for the privilege of engaging in legitimate business; do you?

Mr. PADULO. No, sir.

The CHAIRMAN. That is contrary to the conception of our philosophy of government; is it not?

Mr. PADULO. Yes, sir.

The CHAIRMAN. So you really knew at the time, or you felt at the time, that it was an improper payment in some respect?

Mr. PADULO. Yes, sir.

The CHAIRMAN. But you felt that you were compelled to do it; otherwise, the orderly delivery of your papers, in other words, the Neo-Gravure Printing Co. would not be able to perform its contract, its agreement with you, for printing your magazine unless this tribute was paid?

Mr. PADULO. Correct.

The CHAIRMAN. That is the way you felt about it?

Mr. PADULO. Yes, sir.

The CHAIRMAN. And that was the pressure or the compulsion that caused you to pay?

Mr. PADULO. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. You also discussed this with Mr. Brennan?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. Mr. Brennan is the attorney for the Hearst publications?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. During this period of time you discussed it with him?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. So he was aware of the fact that the payment was being made?

Mr. PADULO. He was told that we were making this payment, but knew nothing about it.

Mr. KENNEDY. Well, he knew the reason for making the payment?

Mr. PADULO. He did not, as far as I was concerned.

Mr. KENNEDY. What did he know about the payment?

Mr. PADULO. He knew nothing about it.

Mr. KENNEDY. Did you discuss at all the fact that you were making the \$4,000 payment?

Mr. PADULO. I did.

Mr. KENNEDY. And you discussed why you were making the payment?

Mr. PADULO. I discussed we had to make it in order to get delivery of the American Weekly and he didn't want to go any further than that.

Mr. KENNEDY. He didn't want to hear any thing more about it?

Mr. PADULO. No, sir.

Mr. KENNEDY. He said, "That is up to you. I don't want to hear any more about it"?

Mr. PADULO. He didn't say that. He just said he didn't want to hear anything about it, and didn't want to carry the conversation beyond that.

The CHAIRMAN. As a lawyer, he didn't want to be involved in it. If such practice was going to be engaged in, he didn't want to give his professional approval to it?

Mr. PADULO. Well, it wasn't discussed from that angle. He merely said, "John, I know nothing about it, period."

The CHAIRMAN. He wasn't going to get involved if he could help it.

Mr. PADULO. Well, I don't know.

The CHAIRMAN. He shied away from it, didn't he?

Mr. PADULO. He didn't shie away from it. He just said, "John, I know nothing about it."

Mr. KENNEDY. Yesterday you told Mr. Adlerman and myself in the office that "Brennan was aware of the payment and the purpose of the payment."

Mr. PADULO. I didn't say the purpose of the payment. When you say the purpose of the payment, he was told by me that this had to be made.

The CHAIRMAN. You said a moment ago it was to buy labor peace.

Mr. PADULO. That is right.

The CHAIRMAN. And you told him that?

Mr. PADULO. That is right, and he said, "John, I know nothing about it." That was his answer.

The CHAIRMAN. When you told him that, that made him aware of the general purpose of it, didn't it?

Mr. PADULO. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. That is it, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Senator CAPEHART. I have a couple of questions.

This \$4,000, was that paid because this printing company told you that they had to do it in order to print your weekly?

Mr. PADULO. The answer that I would get from Neo-Gravure when I talked to them was that this payment had to be made if we expected to have the American Weekly delivered.

Senator CAPEHART. Printed or delivered?

Mr. PADULO. Delivered. I don't know whether he used the word "printed" or "delivered."

Senator CAPEHART. In other words, the \$4,000 had to do with the printing of the magazine, or did it have to do with the delivery of the magazine?

Mr. PADULO. Delivery. As I say, I don't know whether we discussed it from the standpoint of it being printed or delivered, but I think it weighed more on the fact that it could not be delivered.

Senator CAPEHART. And they told you, this printing concern, that they had to have \$4,000 to pay to somebody in order to get your magazines delivered to where?

Mr. PADULO. To the New York Journal American plant. This \$4,000, I want to bring this out to clarify it, was always included in an invoice, the regular invoice, that we would get from Neo-Gravure weekly. This was included in our normal production charges of the American Weekly.

Senator CAPEHART. It was \$4,000 a year, was it not?

Mr. PADULO. \$4,000 each year.

Senator CAPEHART. It was included in the weekly invoices?

Mr. PADULO. That is correct.

Senator CAPEHART. And it was for making certain that the magazines were delivered from New Jersey, from the New Jersey plant, to your New York plant?

Mr. PADULO. The \$4,000 was labeled—I don't recall now, either "Miscellaneous expense" or "Expense."

Senator CAPEHART. Do you have any proof that the printing company ever paid the \$4,000?

Mr. PADULO. No, sir.

Senator CAPEHART. You just don't know. You just gave them \$4,000?

Mr. PADULO. Included in this invoice.

The CHAIRMAN. Did you make this payment in cash?

Mr. PADULO. No, sir. This was made the same as we paid our regular weekly production charges. It was one check.

The CHAIRMAN. You paid in check?

Mr. PADULO. Yes, sir; to Neo-Gravure.

The CHAIRMAN. On the \$4,000, they just called on you once a year for that?

Mr. PADULO. That was included in the weekly invoice once a year and paid the same as we paid our other invoices.

The CHAIRMAN. Three officials of the company testified yesterday that in order to make delivery of these magazines, they had this man—or to keep labor peace; I think that is the term they used—they kept this man Gross on their payroll and gave him a check each week for \$143 plus, and then gave him a monthly check for \$460 a month, and then in addition to that gave him a yearly check, or gave him cash each year of \$4,000.

This is the man that now has been drawing this money who is head of the Teamsters Union down in Florida. Do you have any information about that?

Mr. PADULO. Nothing whatsoever until yesterday morning when I was sitting here.

The CHAIRMAN. When you heard it testified about?

Mr. PADULO. Correct.

The CHAIRMAN. Did you require any itemized statement of this \$4,000?

Mr. PADULO. No, sir.

The CHAIRMAN. The fact is, everybody understood that this was to pay off the labor racketeer, didn't they? You understood it and everybody?

Mr. PADULO. I did not understand it that way.

The CHAIRMAN. What did you think they were going to do with it?

Mr. PADULO. I had no idea whatsoever.

The CHAIRMAN. Wouldn't you want to know about it, if you were going to pay out \$4,000?

Mr. PADULO. I certainly would. But I was unable to find out who it was being paid to or who was getting it.

The CHAIRMAN. Do you mean you tried to find out where it was going and couldn't find out?

Mr. PADULO. Correct.

The CHAIRMAN. Would they not tell you?

Mr. PADULO. They would not.

The CHAIRMAN. How did they convince you that you had to pay it?

Mr. PADULO. We had to pay it in order to get the American Weeklies delivered.

The CHAIRMAN. This is a kind of new one. Here is a businessman paying out \$4,000, and all he gets is a bill for it, and he is unable to find out what is going to be done with it except that it is to buy labor peace. That is a little unusual way for a businessman to operate, isn't it?

Mr. PADULO. It is, sir.

Senator CAPEHART. Did you figure you were getting your money's worth, or was it a good investment?

Mr. PADULO. I did not. All I know was that we had to get the American Weeklies delivered, and this had to be paid.

Mr. KENNEDY. You knew it was wrong?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. And it had been going on prior to the time you became general manager?

Mr. PADULO. No, sir. It started with the issue of May 11, 1952, which was the day I became business manager of the American Weekly.

Mr. KENNEDY. So you made the first payment?

Mr. PADULO. I don't believe that I approved the first payment. Maybe I did. I don't recall. But I do recall it existing from May of 1953 through the time that I left.

Mr. KENNEDY. And you knew that if you didn't make the payment, there would be a strike or you would have labor difficulties?

Mr. PADULO. Yes, sir.

Mr. KENNEDY. So it was in order to avoid labor difficulties for your newspaper that you made the payment?

Mr. PADULO. Yes, sir.

The CHAIRMAN. I made a comment about this yesterday. I think it is a sad state of affairs in America when we find a situation where some racketeers are in a position of power where they can close down the press of this country if they want to. Government could not do it constitutionally. I don't think government could even tax the press so high that it would put them out of business. I think it would be unconstitutional. I think the courts would protect them.

Yet we have a situation in America where these racketeers, and I think of them mostly as rats, can move in and wield such tremendous

power. I am not condoning what you did. I can appreciate that business people get into such a dilemma sometimes that they may feel they are compelled to do these things that are wrong in order to carry on business.

Sometimes, maybe, they initiate some of these things in order to get a sweetheart contract, too. I am not upholding that. But it is a sad state of affairs in our country that such a condition prevails or has existed. I hope that some day we will find a remedy for it, a legislative remedy.

(At this point Senator Mundt entered the hearing room.)

Mr. PADULO. I agree with you.

The CHAIRMAN. Thank you very much. Is there anything further? If not, thank you.

Call the next witness.

Mr. KENNEDY. Mr. Fontana.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FONTANA. I do.

**TESTIMONY OF JOSEPH E. FONTANA, ACCOMPANIED BY COUNSEL,
THOMAS A. BRENNAN**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. FONTANA. Joseph E. Fontana, 1232 80th Street, in Brooklyn, N. Y.; business manager of the American Weekly.

The CHAIRMAN. You have counsel present.

Mr. BRENNAN. Yes, sir. Thomas A. Brennan, 959 Eighth Avenue, New York City.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Fontana, you are presently the business manager of the American Weekly, and you have held that position since when?

Mr. FONTANA. December 1955.

Mr. KENNEDY. And from 1953 to 1955, you were the chief accountant for the American Weekly?

Mr. FONTANA. That is correct, sir.

Mr. KENNEDY. Mr. Fontana, you authorized the annual payment of \$4,000 from 1955 to 1958?

Mr. FONTANA. That is correct.

Mr. KENNEDY. That has been discussed here over the period of the last couple of days; is that correct?

Mr. FONTANA. That is correct.

Mr. KENNEDY. What was that \$4,000 paid for? What purpose?

Mr. FONTANA. In 1952, when the first payment was made, I was then told by the then business manager that it was a payment to assure deliveries of the American Weekly to the New York Journal American. When I assumed the position of business manager, I continued paying the \$4,000 based on what had happened in the past.

Mr. KENNEDY. Did you feel that it was a proper payment?

Mr. FONTANA. At the time I felt it was a business expense.

Mr. KENNEDY. A proper business expense?

Mr. FONTANA. At the time I did; yes.

Mr. KENNEDY. Now looking back on it, do you feel it is a proper payment?

Mr. FONTANA. Now, after having heard the testimony yesterday, I certainly don't feel that it was a proper payment.

Mr. KENNEDY. Up until yesterday, then, from the testimony of these other witnesses, you didn't see anything irregular about this payment?

Mr. FONTANA. I did not, sir; no.

Mr. KENNEDY. Had you ever made a similar kind of payment since you had been with the Hearst organization?

Mr. FONTANA. No, sir; I have not.

Mr. KENNEDY. Nothing like this had ever happened before?

Mr. FONTANA. No, sir.

Mr. KENNEDY. This is the only payment of its kind, of this kind?

Mr. FONTANA. Well, sir, what do you mean by "of its kind"?

Mr. KENNEDY. Was this an unusual type of operation, an unusual type of payment?

Mr. FONTANA. Well, I don't think it was an unusual type of payment. It was a payment authorized by management, the American Weekly management.

Mr. KENNEDY. You handled other payments like this?

Mr. FONTANA. No.

Mr. KENNEDY. Then it was an extraordinary kind of payment?

Mr. FONTANA. Well, you might call it an extraordinary kind of payment.

Mr. KENNEDY. You have never handled any other kind of payments such as this?

Mr. FONTANA. No; I did not.

Mr. KENNEDY. You knew that the payment was for the purpose of achieving labor peace?

Mr. FONTANA. No, I did not know it was for the purpose of achieving labor peace at the time. I knew that it was a payment to assure delivery of the American Weekly.

Mr. KENNEDY. How was that going to be achieved?

Mr. FONTANA. Well, that could have been achieved—we had a contract with Cuneo, and I assumed that this was costs incurred by Cuneo over and above which were provided for in the contract.

Mr. KENNEDY. Where was the money going?

Mr. FONTANA. Pardon?

Mr. KENNEDY. Where was the money going?

Mr. FONTANA. We paid Cuneo Press each month.

Mr. KENNEDY. You paid the \$4,000 when you were general manager in 1955.

Mr. FONTANA. Yes.

Mr. KENNEDY. You had already made a contract for the delivery of the American Weeklies. What was this extra \$4,000 payment made for? What was the purpose of that \$4,000?

Mr. FONTANA. As I was told in 1952, it was to assure delivery of the American Weekly.

Mr. KENNEDY. Did you understand that in 1955 you had to make the same kind of payment?

Mr. FONTANA. I understood in 1952-53 that it was to continue for the duration of the Cuneo contract.

Mr. KENNEDY. You were told that?

Mr. FONTANA. Yes.

Mr. KENNEDY. By whom?

Mr. FONTANA. By Mr. Padulo.

Mr. KENNEDY. Did you ever attempt to find out where the \$4,000 was going?

Mr. FONTANA. I believe in 1956, the first time I became responsible for the payment, I questioned Mr. Chenicek about it, and I was told that it was a payment to a person or persons employed on their loading platform.

Mr. KENNEDY. That it was a payment to a person or persons. You inquired about where the \$4,000 was going; is that correct?

Mr. FONTANA. That is right.

Mr. KENNEDY. And he told you that he had to make his payment to these people?

Mr. FONTANA. That is right.

Mr. KENNEDY. Did you then feel that there was anything improper or wrong about the payment?

Mr. FONTANA. No, I did not feel that it was improper.

Mr. KENNEDY. There was nothing about this whole arrangement that you thought was wrong at that time?

Mr. FONTANA. Not at the time; no, sir.

Mr. KENNEDY. And you would continue to pay it, is that correct, if you had not found out about the testimony of yesterday? You would have continued to pay it?

Mr. FONTANA. No, sir, I wouldn't have continued to pay it, because now that I know what it is really about, I would have not.

Mr. KENNEDY. In 1956 you knew it was some payment, some special payment that was being made, Mr. Fontana.

Mr. FONTANA. Yes, sir, and I assumed it was a payment, a normal business payment, a normal expense Cuneo incurred.

Mr. KENNEDY. That would have been included in the contract?

Mr. FONTANA. The contract was still operative. It was part of the contract.

Mr. KENNEDY. Did you inquire why this special payment had to be paid to the person or persons?

Mr. FONTANA. The answer I got was that it was to assure delivery of the American Weekly.

Mr. KENNEDY. That was the reason that the American Weekly wouldn't be delivered otherwise?

Mr. FONTANA. I don't know.

Mr. KENNEDY. That would be a logical question that you would ask. What was holding up the American Weekly otherwise? Why did you have to make this special payment every year?

Mr. FONTANA. I assumed, perhaps incorrectly, I assumed that it was an additional cost that they had incurred.

Mr. KENNEDY. So that he had to make a payment to some people in order to achieve the delivery of the American Weekly, Mr. Fontana?

Mr. FONTANA. Yes.

Mr. KENNEDY. Now, what was it that was going to delay the American Weekly or stop the American Weekly from being delivered?

Mr. FONTANA. That question I cannot answer.

Mr. KENNEDY. That would be the logical one that you would ask then—"Why can't the American Weekly be delivered without paying the \$4,000?"

Mr. FONTANA. I don't know, sir.

Mr. KENNEDY. You must have asked them that question, Mr. Fontana.

Mr. FONTANA. Well, we go back to 1952, and I was told that this was—

Mr. KENNEDY. I am not going back then. You inquired about it in 1956, and so you sought the information on your own in 1956?

Mr. FONTANA. Yes.

Mr. KENNEDY. And they said that it has to be paid in order to obtain the delivery of the American Weekly?

Mr. FONTANA. That is right.

Mr. KENNEDY. And the next logical question, if you went so far as to ask them that question, the next question is: "Why couldn't the American Weekly be delivered without the payment of the \$4,000?"

Mr. FONTANA. I didn't ask that question, sir.

Mr. KENNEDY. Then, if you didn't ask that question, certainly you asked them what services these people were going to perform.

Mr. FONTANA. I didn't ask that question either, sir.

Mr. KENNEDY. Isn't it a fact that the reason you are giving this testimony today is because what your newspaper and what you did is illegal under the law, and that you can be sent to the penitentiary for doing it, for making these kind of payments, and you have to take this position, that you did not know what it was for? Isn't that the reason you have received that advice?

Mr. FONTANA. I haven't received any advice.

Mr. KENNEDY. Isn't it correct that the officials of your paper knew what the \$4,000 payment was for, and that you knew what the \$4,000 payment was for?

Mr. FONTANA. I did not know what the \$4,000 payment was for.

Mr. KENNEDY. You mean to tell this committee that after you made that initial inquiry, that all the Neo-Gravure Printing Co. said was, "We have to give somebody \$4,000 to assure delivery," and you didn't inquire into it any further, and you just paid out \$4,000 of your company's money?

Mr. FONTANA. It was a commitment made by my predecessor.

Mr. KENNEDY. But you inquired about it and you were interested in it enough in 1956 according to your own testimony.

Mr. FONTANA. And I said, they told me, Mr. Chenicek told me it was a payment to people on the platform.

Mr. KENNEDY. That could not have been a satisfactory answer.

Mr. FONTANA. Well, I perhaps assumed, or I assumed that it was some additional labor, and I didn't go into it any further.

Mr. KENNEDY. But that doesn't make any sense, that you didn't go into it any further. According to the testimony of the witnesses yesterday, they informed you what it was for.

Mr. FONTANA. Who informed me?

Mr. KENNEDY. Mr. Chenicek testified that on each occasion, as you came back, you and your predecessors came back and there was discussion about what the \$4,000 payment was for.

Mr. FONTANA. Mr. Chenicek called me in May of 1956 and said to me, "The usual annual payment is coming up, and do you authorize payment?"

I said I would call him back, and I did call him back.

Mr. KENNEDY. What did you do between the time that you spoke to him and called him back? Did you talk to anybody in your organization?

Mr. FONTANA. I informed Mr. Gortatowsky.

Mr. KENNEDY. What was his position at that time?

Mr. FONTANA. General manager, I believe, of the Hearst Newspapers, and I informed him that the usual annual payment that we have been making to Cuneo since 1952 was coming due, and I was going to authorize payment in order to continue the service.

Mr. KENNEDY. What did Mr. Gortatowsky say?

Mr. FONTANA. He said that if it is what you have been doing since 1952, you continue doing it.

Mr. KENNEDY. He told you to go ahead and make the payment?

Mr. FONTANA. He said, "If that is what you have been doing since 1952, you continue it."

The CHAIRMAN. Mr. Fontana, yesterday the representatives of the New York Times and other publications came in here and frankly admitted that they knew what the money was for, and they didn't know who got it necessarily, but they came in here and they realized they had to do it or felt they had to do it and go along with it in order to have labor peace.

Now, why can't you say the same thing? It just does not seem that a businessman occupying that high position would not have had enough curiosity to find out exactly what had happened, and didn't you?

Mr. FONTANA. I found out exactly what I have said before, sir. I wasn't aware—

The CHAIRMAN. The peculiar thing is that you get something that you know is improper, which goes beyond the legal contract you have. You get up to that point and then you lose interest, and you go ahead and pay it but don't try to find out any more about it. Don't you think that you knew all about it?

Mr. FONTANA. No, I didn't know all about it.

The CHAIRMAN. And you had no curiosity to find out?

Mr. FONTANA. I didn't know to whom the money was being paid.

The CHAIRMAN. I know. But you knew it was being paid to somebody to guarantee labor peace?

Mr. FONTANA. Yes, I said that, and I knew it was being paid to a person or persons.

The CHAIRMAN. You might have not known the name of the person, and I assume there is no reason why this Neo-Gravure firm couldn't have told you the name, and they knew who was getting it. Did you ask them who was getting the money?

Mr. FONTANA. I didn't.

The CHAIRMAN. You didn't even ask them?

Mr. FONTANA. No.

The CHAIRMAN. Proceed.

Mr. KENNEDY. As I understand your answer, then, you know who it was in order to achieve labor peace?

Mr. FONTANA. Well, I suppose you could say it that way, and I was saying that it was to achieve——

The CHAIRMAN. Which way do you say it?

Mr. FONTANA. In order to assure delivery of the American Weekly.

The CHAIRMAN. What was it that would keep them from being delivered, and what was it you were afraid of that would keep them from being delivered?

Mr. FONTANA. There may be difficulty on the loading platform, and I am assuming this.

The CHAIRMAN. You were pretty sure of it when you paid out \$4,000, weren't you?

Mr. FONTANA. I was sure of it.

Mr. KENNEDY. We have some documents here, Mr. Chairman.

Senator CAPEHART. I have a couple of questions.

Who got the \$4,000?

Mr. FONTANA. It was included in a check to the Cuneo Press.

Senator CAPEHART. Do you know to whom they paid it?

Mr. FONTANA. I do not know; no. I do not know to whom they paid it.

Senator CAPEHART. I wasn't here yesterday to listen to the testimony, but what would be illegal about you paying the Cuneo Press \$4,000?

Mr. FONTANA. Nothing, sir.

Senator CAPEHART. I understood a moment ago that someone said here it would be illegal. This man Gross that I have been hearing about, was he a member of the Teamsters Union when he worked for this Cuneo Press?

Mr. FONTANA. I don't know Mr. Gross and I never heard his name until last week.

Senator CAPEHART. You entered into a contractual relationship with the Cuneo Press to pay them \$4,000 a year?

Mr. FONTANA. That is right.

Senator CAPEHART. And they were to bill it to you on their invoices as miscellaneous expense; is that correct?

Mr. FONTANA. As I recollect the first bill, I think it was billed as "organizational expenses agreed to," and subsequently as "administrative expense."

Senator CAPEHART. That was on one of their regular invoices?

Mr. FONTANA. Yes, sir.

Senator CAPEHART. And you paid it by check?

Mr. FONTANA. We paid it by check, sir.

Senator CAPEHART. And it was a contractual relation, or you agreed to do it?

Mr. FONTANA. We agreed to do it, yes, sir.

The CHAIRMAN. Are there any further questions?

Senator CAPEHART. I think that that is all. I was trying to get wherein it was illegal from their standpoint, if they entered into a contract.

The CHAIRMAN. I think probably it would come under the Hobbs Act, any threat that would amount to an extortion. If this man had such power and was holding such threats over them, and they had to pay it solely to get labor peace, it would seem to me like it would be extortion.

Senator CAPEHART. Or it might have been that this man Gross or whoever got the money, their job was to keep the lines of transportation open.

Mr. FONTANA. It could be, sir.

The CHAIRMAN. I have no doubt about that. That is what it was paid for.

Senator CAPEHART. The question gets back to whether it was illegal on the part of these gentlemen to pay the Cuneo Press.

The CHAIRMAN. I am in sympathy with them and I don't see why they just don't come out like the others had, and say they had to pay it, "and otherwise we are going to be shut down."

I think that is the truth about it, and that is why they paid it. Isn't that right?

Mr. FONTANA. Pardon, me, sir?

The CHAIRMAN. You thought you would be shut down and you wouldn't get deliveries if you didn't pay it, and that is why you paid it. You weren't anxious to throw away \$4,000?

Mr. FONTANA. Oh, no, sir.

The CHAIRMAN. You thought by paying it, you would get what you got, labor peace?

Mr. FONTANA. Well, I suppose so.

Senator CAPEHART. And you understood that the money was going to a gentleman who would be able to keep the lines of transportation open?

Mr. FONTANA. I knew the money was going to the Cuneo Press, sir, and I don't know whether the Cuneo Press paid anyone.

Mr. KENNEDY. They told you that they had to give it to someone?

Mr. FONTANA. They told me, and I don't know as a fact it was paid.

Mr. KENNEDY. That is why the \$4,000 payment was made, so they in turn would give it to somebody else?

Mr. FONTANA. I understand.

The CHAIRMAN. Is there anything further?

Senator MUNDT. Do I understand that you made these payments in cash or in check?

Mr. FONTANA. It was paid by check, included in our monthly and weekly charges.

Senator MUNDT. And entered in your books?

Mr. FONTANA. Yes, sir.

Senator MUNDT. Mr. Chairman, I am not a lawyer, but I am curious about these charges of illegality, and I can't see exactly how Mr. Fontana broke the law, but I yield to the counsel on that. It seems to me that if you make a payment to Cuneo Press and do it by check and put it in the books, I think the taxpayers are getting gypped because of this racket situation which exists, because that \$4,000 which otherwise would have been reported as profit, was reported as a cost of doing business expense. On that \$4,000 Uncle Sam didn't collect the taxes, and so the public gets gypped.

But I would not like to see the witness stigmatized as being guilty of something illegal if in fact it was not illegal. Not being a lawyer I wonder if you would clear that up.

The CHAIRMAN. I just wonder if anyone thinks it is legal to make a contract that is against public policy. I do not think anyone could say that such an agreement to buy off some racketeers or somebody

that is threatening you with violence or threatening to stop a paper or threatening a strike, if you don't pay off—that is nothing on God's earth but a shakedown and an illegal shakedown at that. It is extortion and it couldn't be anything else.

Mr. FONTANA. I am not versed in the law, sir.

The CHAIRMAN. Well, I am not the best, and I don't claim to be. But I think if I had to pay out 4,000 to get something done that was already contracted to do legitimately, and that everybody had a right to do under the contract without interference, I think that would be extortion.

Senator CAPEHART. Well, may I ask another question?

Senator MUNDT. May I finish? We had testimony yesterday, Mr. Fontana, that at some stage of the game American Weekly canceled its contract under the terms of the contract because they wanted a better deal with Neo-Gravure Co.

Mr. FONTANA. That is correct, sir.

Senator MUNDT. And at that time was there any discussion about this \$4,000?

Mr. FONTANA. Not during the negotiations, sir, on the new contract, sir.

In the informal discussion with Mr. Chenicek, I just don't remember how it came about, but I made a statement that since we now have a new contract, perhaps we can clean up all of these miscellaneous charges that are coming in.

Senator MUNDT. What did he say?

Mr. FONTANA. Well, he said he would look into it, and a day or two later, or perhaps maybe 4 or 5 days later, he called and he said that that \$4,000 charge would be discontinued with the last payment in May of 1958.

Senator MUNDT. It was discontinued at that time?

Mr. FONTANA. That is right, sir.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Senator, I might answer that question about——

Senator MUNDT. Mr. Chairman, counsel was going to suggest something.

Mr. KENNEDY. It was on the question of whether these types of payments cannot be deducted properly under the Internal Revenue law.

Payments for extortion, payments that are in the form of payoffs, cannot be properly deducted as a business expense.

Senator MUNDT. We had testimony from the New York Times that they deducted them. We had testimony from the Neo-Gravure Printing Co. that they deducted them.

I would like to find out. I am willing to bet you a good South Dakota pheasant shooting license, and the best pheasant shooting in the world, that you deducted them in the American Weekly. These are charged off as deductible expenses, are they not?

Mr. FONTANA. These were considered as business expenses; yes.

Senator MUNDT. I don't know about the law, but I do know that the impact on this was that Mr. John Q. American Taxpayer got hit every time. He got hit because the New York Times deducted it, he got hit when the American Weekly deducted it, and because the Neo-Gravure Printing Co. deducted it.

The CHAIRMAN. And the racketeer didn't pay any tax on it, either.

Senator MUNDT. That is right. They didn't pay any tax on it, either; you are right.

The CHAIRMAN. I hand you a photostatic copy of a memorandum which appears to be dated May 11, 1952.

I ask you to examine it and state if you identify it and, if so, I would like to call your attention to the third paragraph from the bottom of it. It appears to be a memorandum from Mr. O. T. Bondy.

Would you please examine it and state if you identify it?

(The document was handed to the witness.)

The CHAIRMAN. Do you identify it?

Mr. FONTANA. Yes.

The CHAIRMAN. What is it?

Mr. FONTANA. A memorandum from Mr. O. T. Bondy, to Mr. John J. Padulo, with carbon copies to J. E. Fontana and J. C. Sacchia.

The CHAIRMAN. Would you read the third paragraph from the bottom?

That may be made exhibit No. 12.

(Memo referred to was marked "Exhibit No. 12" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Will you read the third paragraph from the bottom, please?

Mr. FONTANA (reading):

It is my understanding that you are familiar with the \$4,000 organizational expense item which was arranged for and agreed to by Mr. McHenry Brown. This is a once-only item and should not recur.

The CHAIRMAN. At that time, when this thing was first done, apparently you just had to pay \$4,000 for the one time and that was the end of it. That is what the memorandum said?

Mr. FONTANA. That is what the memorandum says; yes, sir.

The CHAIRMAN. But thereafter, the pressure was put on you or for some reason you continued to pay.

Mr. FONTANA. I cannot answer that. In my capacity thereafter, sir, I was chief accountant. We paid it thereafter.

The CHAIRMAN. But at that time it was indicated that you would just pay the \$4,000 and that would end it.

Mr. FONTANA. That is right, sir.

The CHAIRMAN. But then it developed that you continued to pay it each year?

Mr. FONTANA. Yes, sir.

The CHAIRMAN. All right. Thank you.

I submit to you photostatic copies of bills and checks.

Will you examine these and state if you identify them? They then will be made an exhibit.

(The documents were handed to the witness.)

Mr. FONTANA. This is a check and a photostatic copy of an invoice dated May 9, 1952, in payment of the printing of the May 11, 1952, issue.

The CHAIRMAN. You identify them as photostatic copies of your records, do you?

Mr. FONTANA. Yes.

The CHAIRMAN. They may be made exhibit No. 13 in bulk.

(Documents referred to were marked "Exhibit No. 13" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there any further questions of this witness?

Mr. KENNEDY. In each one of these bills, the \$4,000 is mentioned and how it is to be charged. The terminology is changed.

The CHAIRMAN. The first bill I have before me is dated May 9, 1952, and the last item on it says "Organizational expense as agreed upon, \$4,000."

Is that the item, the \$4,000 item, that we have been discussing?

Mr. FONTANA. Yes, sir.

The CHAIRMAN. Then I have another one dated May 22, 1953. That seems to be the following year. It says "Organizational expense, \$4,000."

That is the way it was carried.

(At this point Senator Curtis entered the hearing room.)

The CHAIRMAN. I notice the item always comes at the bottom of the invoice.

Mr. FONTANA. Yes, sir.

The CHAIRMAN. It is the last item on each of these invoices. Here is another one dated November 16, 1954, and it shows again, "Organizational expense, \$4,000." That is the same item?

Mr. MONTANA. Yes, sir.

The CHAIRMAN. There was some testimony here yesterday that one year they forgot to pay it and it ran along for a while. Then this man came to them and told them he expected it to be paid, and several months later they paid.

That must have been the year that that occurred. It wasn't paid in May. It wasn't paid until November of that year.

Mr. FONTANA. That is right.

The CHAIRMAN. There was some testimony here that they went along 1 year for a while and didn't pay it. Maybe they thought they were going to get by without paying it, but he finally demanded it.

Mr. FONTANA. It was paid every year.

Mr. KENNEDY. June 1955, it is listed "Organizational expense as approved by Mr. Padulo, \$4,000."

Then in May 1956, administrative expenses as approved by Mr. Fontana.

The CHAIRMAN. Why was it changed? One says organizational expense, and in 1956 it says administration expense.

Do you know why the change?

Mr. FONTANA. No, sir; I don't.

The CHAIRMAN. But it all relates to the same thing?

Mr. FONTANA. That is right.

The CHAIRMAN. All right. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Cornelius J. Noonan.

Senator MUNDT. I would like to ask Mr. Fontana a question.

Were you here yesterday when the New York Times representative was testifying?

Mr. FONTANA. Yes, sir.

Senator MUNDT. At the end of his statement, he made a salutary comment. He said in retrospect, looking back at it, the New York Times would never be shaken down like this again, and that they had adopted a policy that from now on, as a great corporation and a great newspaper, they would rather fight and take their chances than be taken in by a bunch of racketeers.

I was wondering whether in retrospect, the American Weekly would like to say that it also is going to assume the responsibility, now that we all know more about how labor operates, and if you get stuck in the back again you are going to stand up and fight like Americans should, instead of yielding to this kind of thing.

Mr. FONTANA. Most definitely, sir. I make that statement that a situation like this will never arise with the American Weekly while I am in position.

Senator MUNDT. I am not too critical of you or the New York Times or the Neo-Gravure, because you were up against a pretty tough Hobson's choice in these circumstances. But I do think that now that it has been ventilated and we know what the situation is, that unless the American corporate structure and employers assume their responsibility, as I think the House of Representatives and the Senate should in passing effective legislation, we are never going to get this out of our hair.

If you yield to these things, blackmail accumulates. It is like inflation. It is an accumulative force. If you start yielding to it, it can be ruinous.

I commend you on the statement you made on the basis of the information which is now available.

Mr. FONTANA. Thank you, sir.

The CHAIRMAN. All right.

Mr. Noonan? Be sworn, please.

Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NOONAN. I do.

TESTIMONY OF CORNELIUS J. NOONAN, ACCOMPANIED BY COUNSEL, THOMAS W. GLEASON

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. NOONAN. My name is Cornelius J. Noonan. I live at 26 Hunt Boulevard, Jersey City. My occupation is I am president of the Inland Terminal Workers Local, ILA. That is International Longshoremen's Association.

The CHAIRMAN. Inland Terminal—

Mr. NOONAN. Workers Local 1730.

The CHAIRMAN. Inland Terminal Local is affiliated with the ILA?

Mr. NOONAN. Yes, sir.

The CHAIRMAN. You have counsel present.

Mr. GLEASON. Thomas W. Gleason, 80 Broad Street, New York.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. You are a member of the bar of New York, Mr. Gleason?

Mr. GLEASON. Yes, I am.

Mr. KENNEDY. How many members does 1730 have?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that any answer I may give may tend to incriminate me.

Mr. KENNEDY. Just giving us the background of the union and the number of members that you have?

Mr. NOONAN. I still decline to answer because I honestly think that my answer may tend to incriminate me.

Mr. KENNEDY. Will you give us a little bit of your background, Mr. Noonan; where you were born, what jobs you have had?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that any answer I may give will tend to incriminate me.

Mr. KENNEDY. Will you give us the source of your income at the present time?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. I would like to call Mr. Sheridan, Mr. Chairman, to give some of the background of Mr. Noonan.

The CHAIRMAN. Mr. Noonan, you have heard a lot of testimony about rackets being carried on up there. Do you want to make any comment about it before we proceed?

Mr. NOONAN. No, sir.

The CHAIRMAN. You are satisfied?

Mr. NOONAN. The answer to you is that my answer to you is that I respectfully believe that if I answer that question I may tend to incriminate myself.

The CHAIRMAN. I agree. Proceed.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

Mr. KENNEDY. Mr. Sheridan has been sworn, Mr. Chairman.

Mr. Sheridan, we have found, based on investigation, that Mr. Noonan is president of local 1730 of the ILA; is that right?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. And that local was organized in 1948?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. It was organized to succeed a previous ILA Local 21510; is that correct?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. Do we know who was active in local 21510 which 1730 succeeded?

Mr. SHERIDAN. Local 21510, Mr. Noonan, of course, was an official of the local. Mr. Edward J. McGrath—

Mr. KENNEDY. Where is Mr. McGrath now?

Mr. SHERIDAN. Mr. McGrath is currently in Florida. He has a long criminal record. He has been referred to previously in testimony in connection with the witness we had last summer, Mr. Baker.

Mr. KENNEDY. So it is Edward McGrath and who else?

Mr. SHERIDAN. John "Cockeyed" Dunn was another.

Senator MUNDT. While we are on Baker, is he going to be able to testify, or is he still in the hospital?

Mr. KENNEDY. Every time we subpoena him or send him a telegram, he gets into a hospital, Senator. I think he is down in Florida at the present time. I understand he has lost 130 pounds and he is nervous.

Senator MUNDT. Let's keep him nervous. Let's send him a wire that we are still interested in him.

(At this point Senator McClellan left the hearing room.)

Mr. KENNEDY. The other official of the union was John "Cockeyed" Dunn, who was also identified as an associate and friend of Mr. Baker's; is that right?

Mr. SHERIDAN. Yes; he was.

Mr. KENNEDY. What happened to him?

Mr. SHERIDAN. Mr. Dunn was electrocuted for the murder of a man named Hintz on the waterfront.

Mr. KENNEDY. Who else was in that local?

Mr. SHERIDAN. Of course, this local goes over into the area of an organization called Varick Enterprises, which Mr. Noonan was also associated with.

Mr. KENNEDY. Wasn't Squint Sheridan also active in that?

Mr. SHERIDAN. Yes, he was. Squint Sheridan also went to prison, and went on to his Maker for the murder of Mr. Hintz.

Mr. KENNEDY. Mr. Sheridan and Cockeyed Dunn were both electrocuted?

Mr. SHERIDAN. I am not sure whether Sheridan was electrocuted. I think he died in prison.

Mr. KENNEDY. That was a local, Mr. Noonan, that you were originally connected with? Is that right?

Mr. NOONAN. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Mr. Sheridan, these characters that you have described, ex-convicts and the like, who was responsible for giving them an official status in union activities?

Mr. SHERIDAN. I don't know, Senator. All I can assume is whoever at that time was head of the ILA would have been responsible.

Senator CURTIS. They got a charter?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Joe Ryan, I believe, Senator.

Senator CURTIS. He was acquainted with these men?

Mr. SHERIDAN. I am sure he was.

Senator CURTIS. What was his official title?

Mr. SHERIDAN. President of the ILA at that time.

Senator CURTIS. Where is he now?

Mr. SHERIDAN. I don't know.

Senator CURTIS. Is he still president?

Mr. SHERIDAN. No, he is not still president.

Mr. KENNEDY. He was indicted for income tax evasion. I don't know what the situation is at present.

Senator CURTIS. Has the leadership changed?

Mr. SHERIDAN. Well, Mr. Ryan is no longer in the leadership, but people who were associated with Mr. Ryan at the time are still in leadership. Captain Bradley is the current president.

Mr. KENNEDY. They have been expelled from the AFL-CIO for the fact that they are corruptly dominated—the ILA.

Senator CURTIS. But there has been no complete change of leadership other than Mr. Ryan's?

Mr. SHERIDAN. That is true, Senator.

Senator CURTIS. That is all.

(At this point Senator McClellan entered the hearing room.)

Mr. KENNEDY. Mr. Noonan was also secretary-treasurer of the Varick Enterprises from 1937 to 1941?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. Who was the president of Varick Enterprises?

Mr. SHERIDAN. A man named Estreicher.

Mr. KENNEDY. Estreicher?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. Was Mr. Baker associated with Varick Enterprises?

Mr. SHERIDAN. Mr. Baker was very closely associated with Mr. Noonan in this venture.

Mr. KENNEDY. What was Varick Enterprises?

Mr. SHERIDAN. Varick Enterprises was first established in New Jersey as a means of collecting from trucking companies tribute to keep the Varick Enterprise people quiet about double sets of books that the trucking companies were carrying to avoid income tax difficulties.

It was then further branched out into New York City where it was used to collect tribute from the New York City trucking companies. It was a shakedown, a pure shakedown.

Mr. KENNEDY. It was a company organized for shakedown purposes?

Mr. SHERIDAN. That is correct.

Mr. KENNEDY. And Mr. Baker was very closely associated with it, and Mr. Noonan was the secretary-treasurer?

Mr. SHERIDAN. That is correct.

(At this point Senator Mundt left the hearing room.)

Mr. KENNEDY. Mr. Chairman, I would like to also call at this time Mr. Kelly, who has also made an investigation of Mr. Baker's activities in other areas.

The CHAIRMAN. Mr. Noonan, do you want to deny any of these statements?

Mr. NOONAN. No, sir.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF JAMES P. KELLY

The CHAIRMAN. You are a member of the committee staff?

Mr. KELLY. That is correct, Senator.

Mr. KENNEDY. Mr. Kelly, you have examined the files of the New York Police Department, made an investigation of your own and examined files of the Waterfront Commission; is that correct?

Mr. KELLY. That is correct, sir.

Mr. KENNEDY. Have we found that Mr. Noonan has been associated with some of the top hoodlums in the New York area?

Mr. KELLY. That is correct, sir.

Mr. KENNEDY. Who are they? Who did they include?

Mr. KELLY. Well, his list of associates includes, for example—

Mr. KENNEDY. Just give us the names.

Mr. KELLY. Barney Baker.

Mr. KENNEDY. We had that.

Mr. KELLY. We have John Earle, who was shot and killed on June 18 or 19 of last year, a notorious waterfront character and hoodlum who had been very active in the affairs of local 205, an independent ILA local. Earle, along with several other waterfront characters, were organizing—it was a catchall local—they were organizing every-

thing from bartenders on Staten Island to lumbermen in Brooklyn. He was shot and killed. There is a rumor that he was killed in connection with labor activities.

Mr. KENNEDY. We have found him associated with Joe Adonis; is that correct, Mr. Kelly?

Mr. KELLY. There are telephone calls going from a number that Mr. Noonan, the witness here, used at 230 Riverside Drive, in 1955, going to Joseph Doto, in Palisades, N.J., a Cliffside number. Joseph Doto was the true name of Joe Adonis, who has since been deported to Italy.

Mr. KENNEDY. Have we found that he has been in contract with Jimmy "Blue Eyes" Alo?

Mr. KELLY. There have been calls going to Alo's residence in Hollywood, Fla.

Mr. KENNEDY. The answer to the question is what?

Mr. KELLY. Yes.

Mr. KENNEDY. And Meyer Lansky? Have we found him in contact with Meyer Lansky?

Mr. KELLY. He is an associate of Lansky. We haven't found any calls.

Mr. KENNEDY. Have we found him to be an associate of Lansky?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. And Longy Zwillman?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. And Albert Anastasia?

Mr. KELLY. That is correct.

Mr. KENNEDY. And Mike Coppola?

Mr. KELLY. Trigger Mike Coppola; yes, sir.

Mr. KENNEDY. Also an associate of Harry Nussbaum?

Mr. KELLY. That is correct.

Mr. KENNEDY. Who is he?

Mr. KELLY. Harry Nausbaum is an operator who recently has been interested in Cuban gambling casinos.

Mr. KENNEDY. And did Mr. Noonan have an interest with him in a gambling casino in Havana, Cuba?

Mr. KELLY. According to police reports he did; yes.

Mr. KENNEDY. We also have found him in contact with Sam Finazzo, of Detroit?

Mr. KELLY. That is correct. Sam Finazzo is connected with the Motor City Arena in Detroit.

Mr. KENNEDY. Also, he has been identified before the committee as one of the major sources of narcotics?

Mr. KELLY. Narcotics; that is correct, sir.

Mr. KENNEDY. And have we also established that he attended a meeting at the Riviera Hotel, in Cliffside Park, N.J., on December 2, 1954?

Mr. KELLY. Yes.

Mr. KENNEDY. That was at the Riviera Hotel, Cliffside Park, N.J.?

Mr. KELLY. December 2, 1954.

Mr. KENNEDY. Who was present at that meeting?

Mr. KELLY. Albert Anastasia, Zwillman, and Edward McGrath, referred to previously.

Mr. KENNEDY. Has it been established what the purpose of that meeting was for?

Mr. KELLY. The purpose of the meeting was supposed to set up an agreement whereby Anastasia would take over the Irish element and Noonan on behalf of Eddie McGrath would control the—the Italian element by Anastasia and the Irish element by McGrath.

Mr. KENNEDY. Not the other way around?

Mr. KELLY. Not the other way around.

Mr. KENNEDY. And the Irish element on the New York waterfront; is that right?

Mr. KELLY. The common denominator of both was that they were hoodlum elements, Anastasia with the Italian group, and Noonan, on behalf of Eddie McGrath, would represent the Irish group.

Some of these people I mentioned, like John Earle, and people like Harold Farmer, and George McLaughlin, both of whom were picked up in Boston, and when picked up had cards indicating they were business agents of this Local 205, Independent, ILA.

Mr. KENNEDY. Mr. Noonan is also reported to have control of the rackets on the piers along the North River in New York City, south of pier 84; is that correct?

Mr. KELLY. That is correct.

Mr. KENNEDY. In other words, he is a major figure; is that correct?

Mr. KELLY. He is a major figure.

Mr. KENNEDY. He attended the Teamster convention in September of 1957?

Mr. KELLY. The one in Miami?

Mr. KENNEDY. Yes.

Mr. KELLY. We have the Gleasons down in Florida.

Mr. KENNEDY. Mr. Sheridan, do we find that Mr. Noonan attended that meeting?

Mr. SHERIDAN. Yes, he did.

Mr. KENNEDY. Can you tell us if this is correct, Mr. Noonan?

Mr. NOONAN. I respectfully refuse to answer because I honestly believe that my answer would tend to incriminate me.

Mr. KENNEDY. In addition to those individuals—Mr. Chairman, I have some other questions to ask Mr. Kelly, but I would like to call Detective Frank Nostramo to testify.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. NOSTRAMO. I do.

TESTIMONY OF FRANK NOSTRAMO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. NOSTRAMO. Detective Frank Nostramo, New York City Police Department, assigned to the district attorney's office, New York County.

The CHAIRMAN. How long have you been in that position?

Mr. NOSTRAMO. Seven and a half years.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Detective, do you have some information regarding the activities of the witness, Mr. Noonan?

Mr. NOSTRAMO. I do.

Mr. KENNEDY. Are you prepared to give that information to the committee?

Mr. NOSTRAMO. Yes, sir.

Mr. KENNEDY. Would you please read your statement?

Mr. NOSTRAMO. In 1958, New York's District Attorney Frank Hogan's office conducted an investigation in corruption and racket influence in professional boxing. Evidence we gathered showed Connie Noonan, a West Side waterfront racketeer, was in frequent contact with Dominic Mardini, also known as Billy Brown, the I.B.C. matchmaker to secure bouts for Carlos Ortiz, a leading lightweight boxer.

Several witnesses, prominent in the field of boxing, informed us Noonan acted as undercover manager for Carlos Ortiz. Early this year Carlos Ortiz was interviewed by Assistant District Attorney Jack Bonomi. Ortiz stated that Noonan was acting as a boxing adviser to him.

Noonan is known to our office as a close associate of Frank "Blinky" Palermo, a Philadelphia numbers racketeer. Frankie Carbo, who is generally recognized as the underworld's czar of boxing, was indicted by a New York County grand jury in July of 1958 on charges of conspiracy and undercover fight activities and has been a fugitive since that time. While Carbo has been in hiding, Noonan's associate, Frank Palermo, has filled Carbo's shoes as No. 1 underworld representative in professional boxing.

Mr. KENNEDY. Is that correct, Mr. Noonan?

Mr. NOONAN. I respectfully refuse to answer because I honestly believe my answer would tend to incriminate me.

Mr. KENNEDY. That is all of this witness.

The CHAIRMAN. Thank you very much.

Proceed.

TESTIMONY OF JAMES P. KELLY—Resumed

Mr. KENNEDY. Mr. Kelly, when we subpoenaed the records of the union, we also obtained the address book of Mr. Noonan?

Mr. KELLY. That is correct.

Mr. KENNEDY. Would you give the committee the names of some of the individuals who appear in that address book?

Mr. KELLY. Some of the individuals whose names we found in the book were Barney Baker—

Mr. KENNEDY. Mr. Chairman, I might just say that when there is a question as to how Mr. Noonan is able to achieve the results that he achieves, it is not only through his connections with the Longshoremen's Union but through his connections with major underworld figures in the city of New York. Mr. Noonan is a major figure in this area. As has been shown here in the testimony, he is in contact with major underworld figures.

He also has high contacts with certain union officials. He is able to achieve the results that he achieves because of his connections and contacts which, of course, is of considerable interest to us.

The CHAIRMAN. What is his position with the union?

I believe he testified he was president of local 1730, but he can't give the number of members without self-incrimination, possible self-incrimination.

Mr. KENNEDY. But his influence goes far beyond that, with many other unions, and with many other areas in industry than just the local of the ILA.

The CHAIRMAN. Proceed with your taking of testimony.

Senator CURTIS. What other unions does Mr. Noonan have influence with?

Mr. KENNEDY. We have already established, Senator, that he has influence with a number of the Teamster unions in New York City; that he has it with the Platform Workers Union in New York City; with local 560 of the Teamsters Union in New Jersey; as well as with the Newspaper and Mail Handlers Union.

As you will see from the address book, he has contacts with many of these people and others.

The CHAIRMAN. Let me get what the witness is going to testify to. Are you going to testify now on an address book?

Mr. KELLY. That is correct, Senator.

The CHAIRMAN. It belonged to this witness Noonan; is that correct?

Mr. KELLY. That is correct, Senator.

The CHAIRMAN. Do you have the original book?

Mr. KELLY. This is the book in front of me.

The CHAIRMAN. You have taken the names from the book that you are going to supply for the record?

Mr. KELLY. That is right.

The CHAIRMAN. And you have the book before you?

Mr. KELLY. That is right.

The CHAIRMAN. You have verified this list as taken from the book?

Mr. KELLY. That is correct.

The CHAIRMAN. Proceed.

Mr. KELLY. Barney Baker, 1127 Pine Street, St. Louis, Mo. This is the Barney Baker that we referred to previously in the testimony. He was associated as a collector in the Varick Enterprises as far back as 1937, along with Edward McGrath and John "Cockeyed" Dunn.

Mr. KENNEDY. We have identified him.

Mr. KELLY. There was a listing for Carlos, CY-2-5785, which is listed to Carlos Oritz, 610 Trinity Avenue, the Bronx, N.Y., apartment 1.

The CHAIRMAN. Is that the prize fighter?

Mr. KELLY. That is correct.

There is a listing for DeKoning with two numbers, IV-3-7318, listed to local 138 of the Operating Engineers; and IV-6-0965, listed to William DeKoning, Jr., at 335 California Avenue, Uniondale, Long Island. DeKoning, Sr. and Jr., were the powers in local 138 of the Operating Engineers.

The CHAIRMAN. We have their record here.

Mr. KELLY. We have had that testimony.

It is interesting to note, Senator, that Albert Akalitis, who controlled the Chelsea piers on the West Side, the ILA in New York, was banned from the piers by the Waterfront Commission, and that he was given a membership card in local 138 of the Operating Engineers, which is controlled by the DeKonings. Both of the DeKonings have criminal records, have been arrested and convicted for labor extortion.

There was a listing for John Earle, at WH-3-1658. This listing is for Local 1826, ILA independent, which is Buster Bell's old outfit.

There was another listing underneath that for Rose, OR-5-5160. Rose is Rose Dunne Earle, who was John Earle's widow. She is reputed to have answered the phones at this particular local.

Mr. KENNEDY. Who is John Earle?

Mr. KELLY. John Earle is the one I referred to before. He was a waterfront character, who was killed in June of 1958, shot to death.

Mr. KENNEDY. He has a criminal record of 10 arrests and 4 convictions?

Mr. KELLY. That is correct.

Mr. KENNEDY. He was shot to death and killed in June of 1958?

Mr. KELLY. Yes, sir.

Mr. KENNEDY. Then also Vincent Rica?

Mr. KELLY. Vincent Rica is the listing for the Erb Strapping Co., WA-5-1957. You will recall from committee testimony the Erb Strapping Co. was listed by Vito Genovese as a source of income.

Mr. KENNEDY. Barney Fello?

Mr. KELLY. Barney Fello is the brother of Willie Fello, an associate of Irving Bitz in the Bi-County News Co.

Abe Gordon, Rockaway 7-4362, is an official of local 805 of the Teamsters in New York City and a very close associate of James R. Hoffa.

Harry Gross, with two Miami numbers, UN-6-4026, and Jefferson 2-4569 in Miami. This is the Harry Gross we have been referring to in this testimony. He has a criminal record and is also associated with the Teamsters in Florida.

Joe Hat, the listing, Atlantic Highlands 0062. Joe Hat is an alias for Joe Chiarella. He is known as Joe Hat. His New York "B" number is 134862. He has four arrests, including conviction and sentence to Federal prison for 5 years for counterfeiting. Chiarella was involved in narcotics and dock racketeering at the Claremont Terminal in Jersey City. As far back as 1954 I worked on this individual myself, and certain people that he was supplying narcotics to were friendly to Gleason, the secretary-treasurer of Mr. Noonan's local, 1730.

James R. Hoffa, Woodward 1-6065, is an unlisted number at Hoffa's office, local 299, in Detroit. There is also a listing marked "Office, Woodward 1-1241."

Neo-Gravure, Union 6-5100. Next to this, there was a large blue checkmark and the notation "57 Mike Rider." Mike Rider is the brother-in-law of Harry Gross.

There is a listing Keeshin, and Dover 3-6685. This is a Chicago number and is a listing for J. L. Keeshin, Motor Express Co. Mr. Keeshin was one of the persons who loaned money to Jimmy Hoffa, a \$5,000 loan.

There is a listing for Local 478 of the Teamsters, and the notation Ted Nalikowski. This local is located at 1153 Broad Street in Newark. Nalikowski was seated in front of the local in March of 1957, seated in his car in front of this local when he was shot three times. He recovered and the case is still active. He refuses to name his assailants. He also has a criminal record, including grand larceny and highway robbery for which he did 5 years.

There are two listings for O'Rourke, one for John O'Rourke at WA-4-0002, and another for John O'Rourke, Jr., Astoria 4-3410. John O'Rourke is head of Joint Council 16 of the Teamsters in New York, and John O'Rourke, Jr., listing was for the Coastal Sales Co., which, incidentally, has large accounts with many of the people who have collective bargaining agreements with his father's local.

There was a listing for Tony Provenzano, also known as Tony Pro, Diamond 3-8526. This list is 77 Catalpa Avenue in Hackensack, which is Tony Pro's address. He is an official in local 560 of Hoboken, New Jersey, a Teamster local. He has a record of two arrests for assault and battery, one in May and the other in October 1958, in Jersey, with no disposition shown. He is also a close associate of James R. Hoffa. I believe he is currently running for office in the joint council elections over in Newark.

There is a listing for Runyon Sales, Mr. Green, Bigelow 3-8778. This has been referred to in committee testimony in the jukebox hearings as the company with which Jerry Catena, who was present at the Apalachin conference, had an interest. Catena has a criminal record showing four arrests and two convictions, including one in 1944 for bribing a Federal juror.

Mr. KENNEDY. That is it?

Mr. KELLY. Yes.

Mr. KENNEDY. Now, Mr. Noonan, would you tell us what contacts you have had with any of those people?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that the answer may tend to incriminate me.

Mr. KENNEDY. Isn't it because of these kind of connections that you were able to earn the sum of \$45,000 in five nights' work in 1948?

Mr. NOONAN. I will give you the same answer.

I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Are you just simply engaged in that sort of racketeering, going around and putting on these pressures and hijacking and extortion? Is that your principal business? Is that the way you make your living?

Mr. NOONAN. I respectfully refuse to answer you, sir, because I believe my answer may tend to incriminate me.

Senator CURTIS. Mr. Noonan, you have been connected with unions here, and do you contend that you are a friend of the laboring man?

Mr. NOONAN. I respectfully refuse to answer you, sir, because I honestly believe that my answer to your question may incriminate me.

Senator CURTIS. Have you had anything to do with the legitimate objects of unionism?

Mr. NOONAN. I will give you the same answer, sir.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further, Mr. Kennedy?

Mr. KENNEDY. Can you tell us about the \$4,000 that was paid to Mr. Gross in connection with the Neo-Gravure?

Mr. NOONAN. I respectfully decline to answer on the grounds or because I honestly believe my answer may incriminate me.

Mr. KENNEDY. And could you tell us anything about the payments made in the 1946 Teamster strike or the 1948 Teamster strike?

Mr. NOONAN. The same answer to you, sir.

Mr. KENNEDY. What is that?

Mr. NOONAN. I respectfully decline to answer you because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. Also you and Mr. Gross also received commissions from the Associated Paper Co., of Philadelphia.

Could you tell us what you do for that?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that my answer may incriminate me.

Mr. KENNEDY. Could I ask Mr. Sheridan to put in the totals of the amount of money that they have received?

The CHAIRMAN. You may do it sitting where you are.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

Mr. SHERIDAN. Mr. Gross and Mr. Noonan have been on the payroll of Associated Paper Co. during the period 1955 to 1959. During that period, they have received each a total of \$17,381.52.

The CHAIRMAN. Where is this paper company located?

Mr. SHERIDAN. In Philadelphia, Pa.

The CHAIRMAN. I thought this Gross was supposed to be a foreman up there at the Neo-Gravure plant.

Mr. KENNEDY. He is a Teamster official in Miami.

The CHAIRMAN. And he is getting \$17,000 out of this paper company, and a foreman up at Neo-Gravure drawing a weekly salary, and a monthly salary, and a yearly "tribute." He is a pretty good operator.

Senator CURTIS. I would like to ask Mr. Sheridan a question. Were taxes withheld on those payments?

Mr. SHERIDAN. Yes, they were.

Senator CURTIS. Including social security taxes?

Mr. SHERIDAN. Well, at this point, Senator, all we know is that Mr. Noonan and Mr. Gross did claim in their income tax returns this remuneration from the Associated Paper Co.

Senator CURTIS. But when it was paid, there was withholding on it?

Mr. SHERIDAN. Yes, there was.

Senator CURTIS. Was it carried as wages?

Mr. SHERIDAN. I don't know that, Senator.

It was carried as wages, and it was carried as commissions, and these men are carried on the payroll as salesmen and the commission basis is a third to Mr. Noonan and a third to Mr. Gross, and a third to the company, and it is split three ways.

Senator CURTIS. Now, all of Mr. Noonan's income that you have uncovered, has all of it been reported for income tax purposes?

Mr. SHERIDAN. No, none of the cash payments as far as we know that were testified to yesterday have been reported as income.

Senator CURTIS. Now, to your knowledge has the Internal Revenue Service ever investigated Mr. Noonan?

Mr. SHERIDAN. I don't know, sir.

Senator CURTIS. I think that they ought to find out. I am speaking of the Internal Revenue Service.

The CHAIRMAN. I think this record gives them considerable work to do.

Senator CURTIS. But have they been busy before this record was established? Law abiding citizens all over the country are periodically checked, and that is all right, and I guess it is necessary. But I think over a period of years they missed a great opportunity to get a lot of revenue.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I might ask Mr. Sheridan. You say the company received a third and Mr. Noonan received a third and Mr. Gross received a third. What was the commission on?

Mr. SHERIDAN. We have talked to the officials of the Associated Paper Co. and they say that these commissions were paid to Mr. Noonan and Mr. Gross because they had attempted for 8 years to obtain a contract from the Lily Tulip Cup Co. in New York City, and had been unable to do so. They say, however, that Mr. Noonan was able to obtain this contract and it is for this reason that they received a commission.

Mr. KENNEDY. Now, does Mr. Noonan's local represent the Lily Tulip Cup Co. employees, or any of them?

Mr. SHERIDAN. Yes; he does. His local represents 20 of the employees at the Lily Tulip Cup Co.

Mr. KENNEDY. Was the commission always split one-third, one-third, and one-third?

Mr. SHERIDAN. No; in the beginning the commission was split 45 to Mr. Gross, 45 to Mr. Noonan, and only 10 for the company. But this was changed 2 months later and now it is split three ways.

Mr. KENNEDY. According to the company, they were paid the commission because Mr. Noonan was able to obtain the contract with the Lily Tulip Co.?

Mr. SHERIDAN. That is right.

Mr. KENNEDY. Mr. Noonan also received some money from the welfare fund of the ILA; is that correct?

Mr. SHERIDAN. Yes; he does.

Mr. KENNEDY. As a trustee; he is a trustee of the welfare fund?

Mr. SHERIDAN. He is a trustee of the welfare fund, and he receives money as a trustee.

Mr. KENNEDY. Back in 1952 we identified him as receiving some money as commissions as a fight manager; is that right?

Mr. SHERIDAN. Yes.

Mr. KENNEDY. What about the \$200 you received each year from Neo-Gravure, Mr. Noonan?

Mr. NOONAN. I respectfully refuse to answer because I honestly believe that my answer might incriminate me.

Mr. KENNEDY. In addition to that, Mr. Sheridan, have we also received some information regarding a business deal that he had with Meyer Lansky?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Would you relate that to the committee?

Mr. SHERIDAN. Mr. Lansky and Mr. Alo loaned Mr. Noonan somewhere between \$70,000 and \$100,000, and this was to be invested in a frozen shrimp cannery operation in Canada.

Mr. KENNEDY. And the operation failed, did it?

Mr. SHERIDAN. The operation failed and the last that is known Mr. Lansky and Mr. Alo were trying to get their money back from Mr. Noonan.

Mr. KENNEDY. Would you tell us about that?

Mr. NOONAN. I respectfully refuse to answer because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us how you could be working as a trustee for the Welfare Fund and working for the union, and investing in a shrimp plant up in Canada, and receiving money from a paper company in Philadelphia, and handling the trucking for the New York Times and the New York Mirror, and being a fight manager, and could you tell us what you do in your spare time, Mr. Noonan?

Mr. NOONAN. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

Mr. KENNEDY. I think that is all.

Then, of course, you have the gambling place down in Havana Cuba, which I didn't mention.

The CHAIRMAN. Is there anything further?

All right. Stand aside.

Mr. KENNEDY. Mr. Gross.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GROSS. I do.

TESTIMONY OF HAROLD GROSS, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER

The CHAIRMAN. State your name and your place of residence and your business or occupation.

Mr. GROSS. Harold Gross, 7921 Oregon Avenue, Miami Beach, Fla.

The CHAIRMAN. And you have any business or occupation?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Let me ask you if you have any legitimate business.

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Do you do anything that you can acknowledge you do without possible self-incrimination?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You have counsel present. Mr. Counsel, will you identify yourself for the record?

Mr. ALLDER. H. Clifford Alder, Washington, D.C.

Mr. KENNEDY. Before we begin the investigation of this union, of which Mr. Gross is president, I thought you might want to know that the union has already been investigated, and that they have come back and written a letter that there isn't any kind of racketeering or gangsterism.

Mr. Gross, we have had some testimony in connection with some of your activities here before the committee during the past 2 days, and specifically that you were on the payroll of the Neo-Gravure Co., and you are still on the payroll and receiving certain amounts of money weekly and certain amounts of money monthly.

Could you tell us what you do for that money?

MR. GROSS. I respectfully decline to answer because I honestly believe that my answer might tend to incriminate me.

MR. KENNEDY. The testimony before the committee is that this amount of money must be paid to you in order to achieve labor peace; is that correct?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. And then, in addition to that, we have had the testimony that you were able to put some three or four of your relatives on the payroll.

MR. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. And then, in addition to that, according to the testimony, when the American Weekly was having difficulties or potential difficulties, or faced potential difficulties in connection with having deliveries made of their magazine, you were able to straighten out those difficulties by the payment of some \$4,000 in cash every year, with the understanding that you would pass that cash around to the proper people.

Could you tell us about that?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

MR. KENNEDY. Who were the proper people, Mr. Gross?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

MR. KENNEDY. Could you tell us why you didn't declare any of that on your income tax return?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

THE CHAIRMAN. Who is Mr. Derow, Bernard Derow?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

THE CHAIRMAN. I have documents here indicating that he is the secretary-treasurer of local union 320, located at 1410 20th Street, Miami Beach, Fla.

Do you have any information regarding that?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

THE CHAIRMAN. Is that the headquarters of your union?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

THE CHAIRMAN. Did you receive a letter from Mr. George H. Bender, former Member of the Senate, who has been appointed as a cleanup commissioner or something for the Teamsters Union?

Did you receive a letter from him regarding the state of health, morally and criminally speaking, of your union?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

THE CHAIRMAN. And don't you know such a letter came to your personal attention?

MR. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Don't you know that Mr. Derow, your secretary-treasurer of your local, replied to that letter?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. And that this correspondence took place in November and December of 1958?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. I hand you here photostatic copy of a letter from Mr. Bender to Mr. Derow, dated December 5, 1958, and what purports to be a photostatic copy of the reply thereto by Mr. Derow written on November 11, 1958, or rather, Mr. Bender's letter is a reply to that letter.

I want to make sure that I get these straight. The first letter was written by Mr. Bender. There is one written November 11 by Mr. Derow to Mr. Bender, and then Mr. Bender's reply thereto of December 5, 1958.

Will you examine those and state if you can identify them?

(The documents were handed to the witness.)

The CHAIRMAN. Are you able to identify those photostatic copies?

Mr. ALLDER. Would you ask him first if he has looked at them?

The CHAIRMAN. I take judicial notice of the fact that his eyes are glued to it right now.

Mr. ALLDER. Thank you, sir.

The CHAIRMAN. Proceed.

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. All right. Who got these letters out of the files?

Mr. Sheridan, you have been sworn. I present the letters to you, and do you identify them and state where you received them?

Mr. SHERIDAN. Yes, Senator. I received these from the files of Local 320 of the Teamsters Union in Miami Beach, Fla.

The CHAIRMAN. Those may be made Exhibits 14-A and 14-B.

(Letters referred to were marked Exhibits 14-A and 14-B for reference and will be found in the appendix on pp. 18328-18329.)

The CHAIRMAN. I present to you a letter dated October 23, 1958, addressed to Mr. Joseph W. Morgan, secretary-treasurer of Teamsters Local No. 320, and signed by Mr. George H. Bender, apparently.

Will you please examine it and it has some written notation on the bottom of it, apparently signed by Mr. Morgan. Will you please examine it and state if you identify it?

(The document was handed to the witness.)

The CHAIRMAN. Do you identify the letter?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. You have looked at it, have you, in examining it?

Mr. GROSS. Yes.

The CHAIRMAN. The thing that is a little bit puzzling is this: Apparently your officers in the union answered back very frankly that there was no racketeering and nothing wrong in your local, to Mr. Bender, and now you come here and take the fifth amendment and say you can't talk about it without possible self-incrimination.

Don't you think under such circumstances that you are either being unfair to this committee or you were misleading and your officers were misleading Mr. Bender when they so reported?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. This letter may be made exhibit No. 14-C.

(Letter referred to was marked "Exhibit 14-C" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Could we read those letters?

The CHAIRMAN. The point I am making is this: Apparently when Mr. Bender writes as the commissioner or committeeman of Mr. Hoffa to investigate these matters, you respond and your officers respond promptly and say, "Oh, no; everything is all right with us, and there is no racketeering and nothing else."

When you get up here before a committee, and you are being asked about it, a committee duly constituted and appointed by the Senate of the United States to inquire into these things, then you come before the committee under oath and say, "Well, I can't talk about it on the basis of possible self-incrimination."

Whom are we to believe? Are we to believe these letters, or are we to believe the position that you take now as being true? You are swearing you honestly believe that it might incriminate you.

Do you know of any racketeering in this union?

Mr. GROSS. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Have you, yourself, as a union member and as a union official in this union, engaged in any racketeering or any other illegal or improper act in connection with your union affairs?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Do you know Mr. Morgan, Mr. Joseph W. Morgan?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Is he not an officer or was he not an officer of your local No. 320?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Did Mr. Derow succeed Mr. Joseph W. Morgan as secretary-treasurer of your local?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. What is there about telling who the members or the names of your officers are that could possibly incriminate you? There is a record of it and there is a record of your relationship.

What is there about that that could possibly incriminate you, to say who is president or who is treasurer or secretary of a local labor union? I think it would be helpful to the committee, and certainly helpful to the public of this country and Congress, too, to understand if there is any such thing, what could possibly be incriminating about being an officer in a labor union to begin with, and what could possibly be incriminating to know that officer?

Can you give us any explanation of that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. There is something deeply mysterious about it. Is there anything further?

These letters clearly indicate the kind of answers—I am going to let counsel read them into the record—it shows the superfluity, I may say, of that character of investigation. You can write a letter and ask, "Have you been a good boy?" and the fellow writes back, "Uh huh," but when you get them under oath we find them having to take the fifth amendment. They can't talk without possible self-incrimination.

I just wonder about the value of this. This has been given publicity, this cleanup investigation that is being conducted by the Hoffa-appointed committee. It is quite illuminating to find when they write in to him they say they have been good boys and there is nothing wrong with them, and when you get them before a committee under oath, they say they can't talk about it because of possible incrimination.

Senator CURTIS. Do you know Mr. Hoffa?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Do you know Dave Beck, Sr.?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Do you know Mr. Noonan, who was just on the stand before you?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. Have you ever attended a Teamster Union convention?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. Mr. Chairman, this first letter, which is exhibit No. 14-C, was the letter that Mr. Bender sent out on October 23, 1958, to determine whether there was any racketeering or gangsterism in any of the Teamster Unions. He based the letter on the hearings of the committee which, of course, up to the present time, I don't believe he has obtained, but he sent that letter out to the various locals, and he received back this letter.

The CHAIRMAN. To this local of which this witness is president?

Mr. KENNEDY. This witness is president, and this is the witness who has received this extortion money over a period of some 8 or 10 years.

The CHAIRMAN. That is according to the proof that we have.

Mr. KENNEDY. Some \$45,000 in cash in 1948 and he has been convicted of a number of crimes, and he has been involved in shady deals for 20 years, and now since our investigation he becomes head of this local down there.

So Mr. George Bender writes them a letter and he says: "What gangsterism or racketeering do you have in your local?" and under letter of November 11, 1958, a letter comes back from Bernard Derow, secretary-treasurer of local 320, who, Mr. Chairman, I might add,

has refused to answer any questions of the staff members of our committee when we asked him about it——

The CHAIRMAN. We haven't had him as a witness yet?

Mr. KENNEDY. No, but he wrote back to Mr. George Bender and he said:

DEAR SIR: There are no cases of racketeering or gangster alliances in this local union. We will give you full cooperation on any investigation of this local union.

The CHAIRMAN. Would you be willing to give that same cooperation to the committee?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You then don't think that letter was written in good faith, do you?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Then a letter on December 5, 1958, goes to Mr. Derow, secretary-treasurer of this local, of which this witness is president, and he says:

DEAR MR. DEROW: Your letter of recent date responding to mine of October 24 had been received——

and this is the interesting part:

The fine report you give of your organization is most gratifying to the commission. The officials and members of your local are to be commended upon it. Thank you sincerely for your fine spirit of cooperation. With kindest regards and best wishes, I am, cordially yours.

GEORGE H. BENDER.

The CHAIRMAN. Could you get back in the mood now for a little fine spirit of cooperation and help us?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Senator CURTIS. I would like to ask some questions.

You have been in the union business a long time. Apparently somebody connected with this local union sold our former colleague, Bender, a bill of goods.

Mr. KENNEDY. For \$28,000.

Senator CURTIS. Do you know of any of the top labor leaders in the country that have come in and recommended any legislation that would make it impossible for racketeers and exconvicts and gangsters and thugs to get into unions or to make it unprofitable for them if they get in there? Do you?

Mr. GROSS. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

Senator CURTIS. Now, Mr. Bender made the mistake of going to the top officers and asking them if they were good or bad. But there are a lot of other people in the United States making that same mistake. It is time for the top union leaders in the country who contend that they are honest, and I do not doubt their personal lives at all, to back up some of the legislation that will really curb some of these abuses and make it unprofitable and undesirable for any racketeer to ever want to get into the union business.

That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Do you know Mr. George Bender?

Mr. GROSS. I respectfully decline to answer because I honestly believe that my answer may tend to incriminate me.

The CHAIRMAN. Is there anything you can tell us or are you willing to help us in any way in the world?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. The committee will stand in recess until 2 o'clock, and you may be back at that time.

(Members of the select committee present at time of recess: Senators McClellan and Curtis.)

(Whereupon, at 12:30 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The select committee reconvened at 2 p.m., Senator John L. McClellan (chairman of the select committee) presiding.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Ervin.)

The CHAIRMAN. Proceed, Mr. Counsel.

TESTIMONY OF HAROLD GROSS, ACCOMPANIED BY COUNSEL, H. CLIFFORD ALLDER—Resumed

Mr. KENNEDY. Mr. Gross, is it correct, as has been testified, that you and Mr. Noonan received some \$45,000 in cash in 1958 from the Neo-Gravure Co. to achieve the delivery of the supplements of the New York Times and New York Mirror?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And whether you put four members of your family on the payroll of the Neo-Gravure Co.? Did you do that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And that you received \$4,000 each year from the Neo-Gravure Co., from 1952 to 1958, with the purpose being to achieve labor peace for the American Weekly?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee why you did not report that as income?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. In 1954 and 1955, you received a total of \$5,000 in cash for the purpose of obtaining or for having obtained a less stringent contract in connection with the employees in a union contract for Neo-Gravure. Would you tell us about that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That was a contract with Connie Noonan's local of the ILA. Could you tell us how you were able to obtain a contract

which had less stringent provisions than the Teamster contract in the city of New York, which ordinarily was followed?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Did any of that money go to Mr. Connie Noonan?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. You discontinued that practice in 1958, but you remained on the payroll of the Neo-Gravure Co., and at the same time you were made head of local 320 in Miami Beach, Fla.

Could you tell us how you became head of local 320 in Miami Beach, Fla., of the Teamsters?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Gross, Mr. Hoffa had appeared before this committee in the middle of 1957 and explained how he was going to take steps to clean up the union, that he was going to take steps to rid this union of racketeers and gangsters.

Could you explain to the committee, in view of that statement by Mr. Hoffa and in view of Mr. Hoffa's later appearance in 1958, how it was that you, with a criminal record, were made president of this local in Miami Beach, Fla.?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And that while you were president of the local in Miami Beach, Fla., you were on the payroll of the Neo-Gravure Co., and you are on the payroll at the present time? Is that correct?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. You have received a total from the Neo-Gravure Co. of \$131,459.35, all of it for obtaining labor peace for that company. Can you explain to the committee how you were able to achieve that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Was it because the local union that you came out of, the local union that has been identified as a local union of the Teamsters up in New York, which has been identified as the Teamster local that was controlled by Murder, Inc., and where a number of the officials of the union were sent to jail for extortion or were murdered in gangland style—can you tell us about that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that in your activities—Mr. Chairman, it is of some importance the way he has operated local 320. Mr. Sheridan will have some information to place in the record on that.

Isn't it correct that your local in Miami Beach, Fla., local 320, is nothing but a shakedown operation, that you achieve no benefit for any of your membership?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that in your operations you have been aided and assisted, or at least accompanying you on your operations, has been Mr. Johnny Dioguardi's brother Frank Dioguardi?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And isn't it correct also that Mr. James Plumeri, his uncle, known as Jimmy Doyle, who is one of the major gangsters in New York, has also accompanied you on some of your so-called organizing drives in Miami?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. And isn't it correct that Mr. Barney Baker has also been down in Miami, Fla., assisting you in your organizing drives?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

TESTIMONY OF WALTER J. SHERIDAN—Resumed

Mr. KENNEDY. Have we been able to establish the fact that Barney Baker, Frank Dioguardi, and James Plumeri have been accompanying Mr. Gross in his organizing drives in the city of Miami?

Mr. SHERIDAN. Yes, we have.

Mr. KENNEDY. That has been ascertained through your investigation down there?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Can you tell the committee what we have found on what kind of people Mr. Gross has attempted to organize?

Mr. SHERIDAN. Parking lot attendants, service station attendants, and taxicab drivers. In the organization of all of these, the ones that I contacted, there were no benefits accruing to the employees as a result of his organization.

In the case of the service station attendants, the service station managers were asked by Mr. Gross and Mr. Derow and other members of local 320 if they would like to invest in local 320 as a business venture. Barney Baker—

The CHAIRMAN. Did you find out how they make an investment in a labor organization? Did any of the witnesses you mentioned make a suggestion as to how they might invest in a labor local and get a dividend in return?

Mr. SHERIDAN. Well, it wasn't fully explained. These people did not invest their money, but one man was asked if he would like to invest \$7,000 in local 320.

The CHAIRMAN. How much?

Mr. SHERIDAN. \$7,000.

The CHAIRMAN. If he would like to?

Mr. SHERIDAN. If he would like to.

The CHAIRMAN. What was the investment? Is that to keep some more peace somewhere? To keep from getting destroyed?

Mr. SHERIDAN. Well, this was—

The CHAIRMAN. Stink-bombed, or what?

Mr. SHERIDAN. This was more in the nature of a business investment with the hope of some return, I believe.

The CHAIRMAN. How?

Mr. SHERIDAN. That wasn't explained.

The CHAIRMAN. How could you know anyone would have hope without some explanation of what the project was?

Mr. SHERIDAN. It wasn't explained to him, Senator, because he turned it down immediately.

Mr. KENNEDY. Isn't it correct, Mr. Sheridan, that this local union is financed by Mr. Hoffa directly out of the International?

Mr. SHERIDAN. Yes. They are currently receiving, and have been since December 1958, \$3,000 a month from the international union.

Mr. KENNEDY. And isn't it correct that Mr. Gross' salary is paid out of that money that is sent down by Mr. Hoffa?

Mr. SHERIDAN. Yes. Mr. Gross receives \$150 a week in salary.

Mr. KENNEDY. How many members are there in the local at the present time?

Mr. SHERIDAN. Thirty-two.

Mr. KENNEDY. How much salary does Mr. Gross receive?

Mr. SHERIDAN. \$150 a week.

The CHAIRMAN. That is being paid out of the international?

Mr. SHERIDAN. Well, the subsidy is from the international for \$3,000.

The CHAIRMAN. But 32 members would hardly support that.

Mr. SHERIDAN. The better part of the \$150 would have to come out of the \$3,000.

The CHAIRMAN. How long has this local had a charter? Do you know?

Mr. SHERIDAN. The original charter was in July 1957, and the local went defunct in March 1958, and Mr. Gross took it over in October 1958.

The CHAIRMAN. When did you make this check with respect to the membership?

Mr. SHERIDAN. About 2 weeks ago, Senator.

The CHAIRMAN. It had only 32 members. Is that according to the international records?

Mr. SHERIDAN. No. That is according to the local's records.

The CHAIRMAN. You got their records, the local's records?

Mr. SHERIDAN. Yes; we did.

The CHAIRMAN. And they showed 32 members?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. And this man is drawing that salary down there of \$150 a week, and he has been drawing about \$17,000 a year, plus, from this Neo-Gravure Co.?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Do the other officers draw a salary also?

Mr. SHERIDAN. Yes; they do.

Mr. KENNEDY. Who is that?

Mr. SHERIDAN. Bernard Derow draws a salary in the same amount. Leo Levin was an officer of the local. He resigned recently. He was also drawing a salary in the same amount.

The CHAIRMAN. In other words, there was about \$300 a week being paid out for two officers, and the third one gets \$150?

Mr. SHERIDAN. Yes, sir. He has resigned now.

The CHAIRMAN. They had been getting \$450 a week. That is what they were paying out for these three officers?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. And there are only 32 members in the local. All right.

Mr. KENNEDY. Isn't it correct that in addition to that, in order to service these 32 employees, that Mr. Gross rents a car and charges it to the union?

Mr. SHERIDAN. Yes, sir. He rents a red Thunderbird from the Huskamp Ford Agency in Miami.

Mr. KENNEDY. What kind of an automobile?

Mr. SHERIDAN. A red Ford Thunderbird.

Mr. KENNEDY. How much does the union pay for that?

The CHAIRMAN. While you are looking at that, I was thinking that that local pays out at \$450 a week; \$150 salary for each of three officers, about \$1,800 a month. Assuming that the 32 members pay \$5 a month dues, that would be \$160 a month.

There is a pretty big deficit to make up there, around \$1,400 or \$1,500 a month to be made up as a subsidy from some source. Is that much coming in from the international to support this?

Mr. SHERIDAN. \$3,000 a month comes from the international.

The CHAIRMAN. \$3,000 a month goes into it?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. But Mr. Gross is very busy trying to sign up new members, Mr. Chairman, in his red Thunderbird.

The CHAIRMAN. All right.

Mr. KENNEDY. How much does that cost the union?

Mr. SHERIDAN. This is a letter dated February 12, 1959, from Huskamp International, Inc., to the local. On January 21, 1959, the balance owed for the rental of the Thunderbird was \$3,028.48.

Mr. KENNEDY. The balance owed on the rental, or are they buying it by installments?

That is what it says, Mr. Chairman. They are paying, evidently, \$164.63 every month, and as of January they owed that amount. They expect to have it paid off by July.

Senator ERVIN. In other words, the International Teamsters, whose president appeared before this committee and said he was going to clean up the Teamsters, is financing this local, of which this witness is president, in Miami, Fla., out of international funds to the extent of \$3,000 a month?

Mr. SHERIDAN. Yes, sir.

Senator ERVIN. And the international is giving that to a local whose president is a man who has been convicted of petty larceny, that is, stealing—

Mr. KENNEDY. Extortion.

Senator ERVIN. And who has served a penitentiary sentence for extortion, which is nothing in the world but taking by intimidation money or property which belongs to others.

And that all happened in the good years of 1958 and 1959?

Mr. SHERIDAN. Yes, sir.

The CHAIRMAN. It should be noted that he became president of this union and took over this defunct local after Mr. Hoffa's appearance before this committee, at which time he gave some assurance he would sort of clean it up.

All right.

Mr. KENNEDY. Do we find any other charges, Mr. Sheridan?

Mr. SHERIDAN. Yes. In addition to the rental of the Thunderbird, there are bills from the Susco Rent-A-Car agency for another car rental in the amount of \$75.75.

Mr. KENNEDY. What kind of an automobile is that?

What kind of an automobile was that? Could you help us on that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. I don't know the name of any automobile in this country that would incriminate anybody. There may be, but I don't know of any.

Is there anything further?

Mr. SHERIDAN. Also another one from the Curry Automobile Rental, Inc., one for \$135.84, and another for \$120.20, and another one—

The CHAIRMAN. Are these all current bills?

Mr. SHERIDAN. Yes. This is November 1958.

Mr. KENNEDY. This is all since he took over the union.

Mr. SHERIDAN. The previous one was January 1959.

The CHAIRMAN. I would be interested to know if the membership in this particular local has increased any as a result of these expenditures in his efforts to organize. Do you have a comparison of the 32 members now with the number at the time the organization went defunct or at the time he took over the presidency?

Mr. SHERIDAN. No, we don't have an accurate record of that, Mr. Chairman, because the way they keep the records is that they have a membership roster where you can establish that there are 32 members now, but there are no records to indicate what the membership was when the other local went defunct.

The CHAIRMAN. There have not been any overwhelming gains anyway?

Mr. SHERIDAN. No, sir. There has been an increase, if anything.

There is also a bill from the Pershing Automobile Rentals covering the period December 29, 1958, to January 29, 1959, in the amount of \$183.82.

In addition to that, we have gasoline slips signed by Norman Gross, who is the son of Harold Gross, who is also on the payroll of Neo-Gravure. Norman Gross was signing gasoline slips and charging them to local 320 in March of 1959.

The CHAIRMAN. There is nothing here that we have been able to find that would at all indicate or even give a mild suggestion that this is a successful labor operation. Would you maintain that it is a successfully organized and operated labor union local in the field of service as such for the true purposes of unionism?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Then that gives rise to this thought: Obviously, then, this is some kind of an operation outside of legitimate unionism and a very expensive operation.

I will ask you, then, is it connected in any way with racketeering?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Sheridan, have we definitely established about Mr. Barney Baker's activities in connection with this local?

Mr. SHERIDAN. Yes, sir.

Mr. KENNEDY. Would you tell us what the record shows about that?

Mr. SHERIDAN. Mr. Baker was to have testified before this committee on August 27, 1958, and that morning he had a heart attack——

Mr. KENNEDY. It is alleged.

Mr. SHERIDAN. An alleged heart attack, and went to the hospital. On October 1, 1958, Mr. Gross took over local 320.

Several days later, while staying at the Seagull Hotel, he contacted Barney Baker in Chicago, Ill., and in Iowa, and several days thereafter Barney Baker checked into the Seagull Hotel, at the same time Mr. Gross was staying there.

Within 2 weeks thereafter, within a week thereafter, Mr. Gross and Mr. Baker were out attempting to organize for local 320.

Mr. KENNEDY. Would you tell us about that, Mr. Gross?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. It is also of some interest, Mr. Chairman, again showing the tie between the ILA, Mr. Noonan, and the Teamsters Union, about Mr. Baker's bill while he was in Miami.

Mr. SHERIDAN. Mr. Baker, while staying at the Seagull Hotel, at the same time Mr. Gross was there, when Mr. Baker left the hotel the balance of the bill, which at that time was \$55.62, was transferred to the account of Thomas Gleason, in care of the ILA. So while Mr. Baker was assisting Mr. Gross in organizing for the Teamsters, his hotel bill was paid for by the ILA.

Mr. KENNEDY. We have that bill here, Mr. Chairman.

The CHAIRMAN. The bill may be made exhibit No. 15.

(Document referred to was marked "Exhibit No. 15" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Yes.

Can you explain Mr. Hoffa subsidizing this local for \$3,000 a month?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it because of your own criminal record and your underworld connections that you were placed in charge of the local and that Mr. Hoffa now subsidizes this local for this amount of money?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Did you have any other qualities to recommend you to Mr. Hoffa?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. You also, in addition to all these other activities, are on the payroll of the Kearny Smelting & Refining Corp. of Kearny, N. J., from which you receive an annual salary. Can you explain that to us?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. That is the K-e-a-r-n-y Smelting & Refining Corp.

The CHAIRMAN. Do you keep labor peace for them?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us from records that we have, Mr. Sheridan, what money he received from the Kearny Co?

Mr. SHERIDAN. In 1955 he received \$3,054.73; in 1956, he received \$2,814.27; in 1957, \$1,474.76.

Mr. KENNEDY. In addition to that, you were on the payroll or received commissions from the Associated Paper Co. of Philadelphia as a salesman. You received, over the period of the last 3 years or so, some \$17,000. Would you explain that to us?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. How do you provide this protection for labor peace? What are your methods?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. You receive money from Kearny, the Kearny Smelting and Refining Corp.; Associated Paper Co.; the Neo-Gravure Co. in New Jersey; Local 320 in Miami; The Associated Paper Co. is in Philadelphia.

You receive money for getting the deliveries of New York Times and the New York Mirror, some \$45,000 for that. You received \$4,000 each year for obtaining American Weekly—for having that delivered without having any labor difficulties.

Could you tell us any of your other activities?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Gross, what it amounts to, and according to this record, you are not more than a professional fixer, who has very close associates and ties with the underworld. Is that correct?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. This is what has been established by the record: That you have been hired as a fixer, you have been successful as a fixer; you went to jail as an extortionist; and it also has been established that you have these close ties and associates in the underworld in several cities in the United States. You started out as an associate of Murder, Inc.

Can you tell us anything about that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. With this background and record, the local was reactivated in Miami, Fla., of the Teamsters Union, and you were made the head of it by Mr. James Hoffa.

Can you give us any explanation of that?

Mr. GROSS. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Mr. Sheridan, let me ask you this question: Have you checked to ascertain whether these funds that we know he received, have been reported on his income tax?

Mr. SHERIDAN. Yes, Senator.

We have established from our sources that he has not reported the cash amounts of money that he has received on his income tax.

The CHAIRMAN. I am sure they will take notice of this, but the transcript of these hearings, of this testimony, will certainly be provided the Justice Department and also the Internal Revenue Service with the idea of recouping a little taxes that may have escaped the Federal Treasury so far, which belong in there.

Is there anything further?

Mr. KENNEDY. That is all.

Can we keep him under subpoena?

The CHAIRMAN. You will remain under your present subpoena, subject to being recalled and further interrogated by the committee at such time as the committee may desire further testimony from you. I will give reasonable notice of the time and place of such hearings so that you will have an opportunity to be present.

Do you accept such recognizance?

Mr. GROSS. I do.

The CHAIRMAN. On your acceptance, you may be excused for the present.

Call the next witness.

Mr. KENNEDY. Mr. John Walsh, Mr. Chairman.

The CHAIRMAN. Mr. Walsh.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WALSH. I do.

TESTIMONY OF JOHN P. WALSH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. WALSH. John P. Walsh, 6 Kensington Road, Garden City, Long Island, N.Y.; wholesale beauty supplies. Wholesaler of beauty supplies.

The CHAIRMAN. You waive counsel, do you?

Mr. WALSH. Yes, I do.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, this is on another entirely different phase of the Mail Handlers and Deliverers Union investigation, and it was a phase that we had expected to finish the first day, but we could not get a quorum and we were unable to do it. We have two witnesses to be relatively short. I wanted to complete the record in connection with some activities.

You were formerly with your father, operating the Walsh Transportation Corp.; is that right?

Mr. WALSH. That is right.

Mr. KENNEDY. And the Union News Special Delivery Co.?

Mr. WALSH. That is correct.

Mr. KENNEDY. And you operated under contract with the Union News Co.; is that right?

Mr. WALSH. Correct.

Mr. KENNEDY. That was a subsidiary of the American News?

Mr. WALSH. Correct.

Mr. KENNEDY. You delivered vending supplies to the newsstands?

Mr. WALSH. That is right.

Mr. KENNEDY. Then Mr. Henry Garfinkle obtained control of the American News and the Union News Co., and he set up a relative of his, William Levine, in the L. & M. Trucking Co. in Queens; is that right?

Mr. WALSH. That is true.

Mr. KENNEDY. And also in Brooklyn?

Mr. WALSH. Right.

Mr. KENNEDY. They took over all of the trucking business from you?

Mr. WALSH. That is right.

Mr. KENNEDY. So you went out of the trucking business?

Mr. WALSH. I went out of the trucking business.

Mr. KENNEDY. When was this?

Mr. WALSH. This was 1953, I believe.

Mr. KENNEDY. Thereafter you operated an independent trucking business and rental?

Mr. WALSH. Truck rental and general trucking; yes.

Mr. KENNEDY. In June of 1958 you met Mr. William Fello; is that right?

Mr. WALSH. That is right.

Mr. KENNEDY. Who was Mr. Fello?

Mr. WALSH. Mr. Fello was the operator and, as far as I knew at that time, the president of the Bi-County News Corp.

Mr. KENNEDY. We had some testimony from him, and he is also——

The CHAIRMAN. He testified, I believe.

Mr. KENNEDY. That is right—but refused to answer any questions. What did he suggest to you?

Mr. WALSH. I solicited the truck rental for the delivery of their magazines, and during the course of our conversations, he suggested that there was a possibility I could become a member of Bi-County News.

That was in an investment capacity, and also in an employment capacity.

Mr. KENNEDY. Did you agree to do that?

Mr. WALSH. I did.

Mr. KENNEDY. Did you know anything about William Fello at the time?

Mr. WALSH. Very, very little.

Mr. KENNEDY. Did you know what his general reputation was?

Mr. WALSH. Not generally, no.

Mr. KENNEDY. Well, not specifically. But what was his general reputation?

Mr. WALSH. His general reputation? I know he had been employed by one Inter-Boro News Co., a former distributor of magazines, and that he had been employed in the capacity of foreman.

Mr. KENNEDY. Did you understand as his general reputation that he had close associates with the underworld in New York?

Mr. WALSH. Not at that time I did not.

Mr. KENNEDY. You learned that subsequently?

Mr. WALSH. Subsequently I did.

Mr. KENNEDY. So did you agree to invest in this company?

Mr. WALSH. Prior to my finding out about this, I had, yes.

Mr. KENNEDY. So how much money did you invest?

Mr. WALSH. \$20,000.

Mr. KENNEDY. Where did you get the \$20,000?

Mr. WALSH. Mortgaged my home.

Mr. KENNEDY. How much did Fello invest in the company?

Mr. WALSH. At that time the stories varied from \$35,000 to \$40,000.

Mr. KENNEDY. Where did he obtain his money?

Mr. WALSH. That I do not know for certain. He did mention that he had people who would supply him with his cash.

Mr. KENNEDY. Who, from the course of the conversation, did you understand these people were?

Mr. WALSH. Well, actually I had no direct knowledge of who the people were. He just continually referred to them as "my people."

Mr. KENNEDY. Did you feel that it was his mother and father, or did you think—

Mr. WALSH. No, not particularly.

Mr. KENNEDY. When he said, "my people," whom did you understand "my people" were?

Mr. WALSH. Well, in the parlance, I would take it that they were people of questionable resources. Possibly underworld characters and what have you.

Mr. KENNEDY. Did you understand that they were underworld figures?

Mr. WALSH. No, I did not. There was mention of one truckman, offhand I can't think of the name, who was, as far as I know, a legitimate truckman, and he apparently had some resources to put in also. He might have gotten it from that source.

Mr. KENNEDY. Did you understand there might have been some legitimate sources for Mr. Fello's money, but when he referred to "my people" as being the people behind him, did you understand these people were people of questionable backgrounds or people who had underworld connections, as a general proposition?

Mr. WALSH. As a general proposition, I did, yes.

Mr. KENNEDY. Did you see Mr. Fello in the company, for instance, of Tony Ducks Corallo or somebody who was identified as Tony Ducks Corallo?

Mr. WALSH. A subsequent identification was made to that effect, yes.

Mr. KENNEDY. The individual in whose company you had seen him was Tony Ducks?

Mr. WALSH. That is right.

Mr. KENNEDY. Did Mr. Fello give you an important position in the company?

Mr. WALSH. Well, no. I spent a very short time inside the office, and possibly with my business background I didn't agree with the tactics that were being employed, and I was then relegated to more or less a route man.

Mr. KENNEDY. Was Bi-County able to obtain some good accounts, however?

Mr. WALSH. In the magazine field?

Mr. KENNEDY. Yes.

Mr. WALSH. At the time I was there, nothing particularly good, no.

Mr. KENNEDY. Well, were they able to obtain, for instance, T.V. Guide?

Mr. WALSH. No, they were not. We had T.V. Junior.

Mr. KENNEDY. T.V. Junior?

Mr. WALSH. Yes.

Mr. KENNEDY. While you were with them then, they didn't obtain T.V. Guide?

Mr. WALSH. No, they didn't.

Mr. KENNEDY. Did they show any progress or make any progress?

Mr. WALSH. On the surface there was no progress; no.

Mr. KENNEDY. Did you understand that the publishers had indicated that they were going to stay with the Rockaway News Co., which was then in financial difficulty?

Mr. WALSH. Well, at that time there were varying statements made. Some stated that they would stay with them, and there were statements that they would not. Some said the publishers would remain with Rockaway News, and there were others who stated that they thought we could come over to Bi-County News.

Mr. KENNEDY.. Did you understand at that time that Irving Bitz and Gordon, of Bronx County, were forming a new company, the Island News Distributing Co., to take over Long Island?

Mr. WALSH. That developed, yes.

Mr. KENNEDY. So they would be a competitor of yours; is that right?

Mr. WALSH. That is right.

Mr. KENNEDY. Bi-County at that time had a union contract; is that right?

Mr. WALSH. Well, there was a question there as to whether we had the contract.

Mr. KENNEDY. You were about to obtain it?

Mr. WALSH. We were about to obtain a union contract.

Mr. KENNEDY. Did you have discussions with Fello that Bitz and Gordon couldn't operate out on Long Island unless they had a union contract?

Mr. WALSH. That was my opinion at that time.

Mr. KENNEDY. What did Fello tell you?

Mr. WALSH. He told me they could operate any place they saw fit.

Mr. KENNEDY. For what reason? How were they going to be able to operate?

Mr. WALSH. That they had a wholesalers contract which enabled them to operate in any area within the metropolitan area.

Mr. KENNEDY. Did Fello then shortly afterwards indicate that he wanted to buy you out?

Mr. WALSH. Well, in not quite that fashion.

Mr. KENNEDY. What did he say?

Mr. WALSH. He suggested that I take my money and leave because we had received a union contract but it appeared that the other organization, Bitz and Gordon, had the contracts with the publishers. We were in no position to argue, he put it.

Mr. KENNEDY. Why did he want you to get out?

Mr. WALSH. Subsequent information or conjecture?

Mr. KENNEDY. Well, subsequently what did you learn?

Mr. WALSH. Well, I subsequently learned that he had made a deal with Bitz and Gordon to stay on and they would, instead of forming a new company and applying for a new union contract, they would

use the union contract awarded Bi-County News; and they would then operate with Bitz' contracts with the publishers.

Mr. KENNEDY. So the two companies would combine?

Mr. WALSH. That is right. I presumed that.

Mr. KENNEDY. And in order to do that, to get Bitz, Gordon, and Fello together, you had to be gotten rid of; is that right?

Mr. WALSH. That is correct, yes.

The CHAIRMAN. Why would you have to be gotten rid of?

Mr. WALSH. Well, conjecture again. I believe that my percentage of the corporation was too much.

The CHAIRMAN. In other words, they saw they were going to make money and they needed you out of the way?

Mr. WALSH. That is right.

The CHAIRMAN. Is that what it amounted to?

Mr. WALSH. That is exactly what it amounted to.

The CHAIRMAN. So as they merged, you got squeezed?

Mr. WALSH. Yes, sir.

Mr. KENNEDY. You were the legitimate operation?

Mr. WALSH. I felt that I was; yes, sir.

Mr. KENNEDY. On November 2, 1958, were you asked by Fello to meet him at Fello's Bar & Grill in Jackson Heights?

Mr. WALSH. Yes, sir; I was.

Mr. KENNEDY. At that time did you meet with Barney Fello?

Mr. WALSH. Yes, that is right.

Mr. KENNEDY. And Barney Fello is William Fello's brother?

Mr. WALSH. Correct.

Mr. KENNEDY. He was the one, Mr. Chairman, who was identified in Connie Noonan's address book this morning.

What was explained to you at that time?

Mr. WALSH. At that time it was explained to me that—Barney Fello explained to me that he could make a deal that they would get my money back for me. Otherwise, if I refused to accept my money, it would be lost to me because the other company would then go into operation, subsequently get a union contract and I would be without the return of my investment.

Mr. KENNEDY. Did they explain to you about Bitz and Gordon's reputation?

Mr. WALSH. Yes. They said they played rough.

Mr. KENNEDY. And that you would be in difficulty unless you got out of the company?

Mr. WALSH. Well, it was intimated, yes.

The CHAIRMAN. Did you get any profit on your money when you got out?

Mr. WALSH. No, sir.

Mr. KENNEDY. Had the——

The CHAIRMAN. They were very generous to let you have your original capital back.

Mr. WALSH. They thought it was a very generous offer.

The CHAIRMAN. They thought it was very generous?

Mr. WALSH. Yes.

Mr. KENNEDY. Did you know of Bitz' criminal record?

Mr. WALSH. Yes, I had heard. Of course, the minute I had heard the name—I didn't know of the name or of the personality prior to

my going into the business, nor of his ability to get things done. If I had known, I don't think I would have ever entered into it.

Mr. KENNEDY. You knew of his associates—of Bitz's associates subsequently?

Mr. WALSH. Subsequently, yes.

Mr. KENNEDY. And was it explained at this meeting in November 1958 that if you didn't agree to get out that Bitz and Gordon could play very rough?

Mr. WALSH. It was as much as said that way, yes, sir.

Mr. KENNEDY. What did they tell you? Anything about what would happen to your family?

Mr. WALSH. Well, in the conversation, I am not sure which one of the people at the table mentioned it, they said that they could probably tell you what time your children get on and off the bus, and so on. There were no direct threats on me.

Mr. KENNEDY. And about your wife?

Mr. WALSH. Yes, sir. They said they could say where she shopped, and so on.

The CHAIRMAN. They could what?

Mr. WALSH. Say where she did her shopping, and so on. They could tell me where she did her shopping.

Mr. KENNEDY. That this was a very rough group, a very tough group, and that they can play rough and know where your children go to school, what time they get on the bus, what time they get off the bus and when your wife goes shopping; is that correct?

Mr. WALSH. That is correct; yes.

Mr. KENNEDY. They said that to you, and the implication to you was clear then?

Mr. WALSH. It was quite clear.

Mr. KENNEDY. That it was a threat against your family unless you got out?

Mr. WALSH. That is right.

Mr. KENNEDY. Did you then decide you were going to get out?

Mr. WALSH. I made an overture toward taking over whatever debts William Fello had and offering them notes with the idea that I and several others of the company would continue the operation and take our chances on a strictly legitimate basis. But I was advised that this could not be done, that they were bigger than the rest of us, and that we would not exist very long.

Mr. KENNEDY. So did you get out?

Mr. WALSH. Yes; I did.

Mr. KENNEDY. What happened. Where did you get your \$20,000?

Mr. WALSH. The following day, it was the Monday preceding election day, I reported to an office in Long Island City, and I signed a general release and was handed a package containing \$20,000.

Mr. KENNEDY. When you say a package, what kind of a package?

Mr. WALSH. A brown paper bag.

Mr. KENNEDY. And in the bag was \$20,000?

Mr. WALSH. \$20,000; yes, sir.

Mr. KENNEDY. Where did they give you the brown paper bag with the \$20,000?

Mr. WALSH. In the office of the attorney.

Mr. KENNEDY. What was the attorney's name?

Mr. WALSH. Leo Barry, of Barry, Barry & Barry.

Mr. KENNEDY. Did you agree to take the currency?

Mr. WALSH. I hesitated to take it. I didn't want to walk out of an office like that with \$20,000 in cash, and besides, I wouldn't have the opportunity to count it.

Mr. KENNEDY. What kind of bills were they?

Mr. WALSH. I think the highest denomination was a \$20 bill.

Mr. KENNEDY. It must have been a lot of money, then, a lot of bills?

Mr. WALSH. It was a large package; yes, sir.

Mr. KENNEDY. How big was the package?

Mr. WALSH. I would say it stood about 10 inches tall.

Mr. KENNEDY. Almost a shopping bag full of money?

Mr. WALSH. Well, loosely; yes. It stood so high. About 10 inches tall.

The CHAIRMAN. What did you say the largest bill was?

Mr. WALSH. A \$20 bill.

Mr. KENNEDY. Did you decide then that you would pick it up and walked out with it?

Mr. WALSH. I decided I had better do that or I wouldn't get it at all.

Mr. KENNEDY. Did they explain that to you?

Mr. WALSH. No, but I assumed as much.

Mr. KENNEDY. You took the bag and where did you go?

Mr. WALSH. I got in the car and drove directly to the bank in my hometown.

Mr. KENNEDY. And you deposited the money there?

Mr. WALSH. Well, as soon as I got within the bank I made a call to my wife to assure her that I had made the trip safely. Then I went to one of the executives and tendered the money to him. I called it an unusual deposit and I would like to leave it subject to count.

He wouldn't accept it in that fashion. He said, "You can wait while I count it." He was quite amazed when he saw the package.

Mr. KENNEDY. There was \$20,000 in it?

Mr. WALSH. To the penny.

Mr. KENNEDY. What?

Mr. WALSH. To the penny.

Mr. KENNEDY. To the penny?

Mr. WALSH. Yes, sir.

Mr. KENNEDY. What about the furniture and everything in your office?

Mr. WALSH. When I returned from the bank to my home, from my home I went to the premises of Bi-County News. I wanted to tie up the furniture and so on that I had brought with me when I joined the organization.

While standing around, of course, the place suddenly had become a beehive of activity in contrast to what it had been prior to when I had my piece of it. One of the employees came over and suggested that I leave, that my presence wasn't appreciated there.

Mr. KENNEDY. What did they about taking out your desks and personal articles?

Mr. WALSH. Well, when I was asked to leave by this employee who had been a former employee of Bi-County, I told him I would

like to make arrangements to have my furniture removed, and he, of course, went over and spoke to those people.

He came back with the answer that I had better leave or my furniture and myself would be deposited out on the road.

Mr. KENNEDY. Was Bitz there at the time?

Mr. WALSH. He was.

Mr. KENNEDY. That was after talking to Bitz?

Mr. WALSH. I had never had a conversation with Bitz, nor have I.

Mr. KENNEDY. That was after this driver went and talked to Bitz?

Mr. WALSH. That is correct.

Mr. KENNEDY. And he came back and warned you that you better get out or else you would be thrown out?

Mr. WALSH. That is right.

Mr. KENNEDY. That has been the end of it?

Mr. WALSH. That was the end of it.

Mr. KENNEDY. This Bi-County company combined, and Bitz and Gordon Fello operate it at the present time, these individuals we have been discussing, all of whom have appeared before the committee and have refused to answer questions on the ground of self-incrimination.

They control approximately 75 percent of all the magazine distribution franchises in Nassau and Suffolk Counties, which are on Long Island. So they have virtually a monopoly in this area. This is the organization that he has been discussing and the organization which the underworld connections have control of.

Senator ERVIN. Does the evidence show why such a condition can exist in a country that claims to be civilized?

Mr. KENNEDY. I think just the evidence we have had over some 21½ years at these hearings.

Senator ERVIN. Can you give any explanation why officers of communities allow things like this to go on?

Mr. WALSH. Officers of the unions?

Senator ERVIN. No, I mean the law enforcement officers.

Mr. WALSH. Well, I don't see where they have ever been called in to settle any grievances. I wouldn't let it go as far as to have to call a law enforcement officer to get my furniture out. I simply billed them for what I had.

Senator ERVIN. Do you know any kind of legislation that ought to be passed that could reach this type of racket?

Mr. WALSH. Definitely to exclude anyone who had had a previous record; definitely.

Senator ERVIN. In other words, it is virtually impossible for a man to stay in business in a legitimate way.

Mr. WALSH. Again the adage, "It is not what you know, it is who you know."

Mr. KENNEDY. That is all, Mr. Chairman.

I will call Mr. Herbert Cohen.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

TESTIMONY OF HERBERT C. COHEN, ACCOMPANIED BY COUNSEL,
ROBERT D. STERN

The CHAIRMAN. State your name, your place of residence and your business or occupation.

Mr. COHEN. Herbert C. Cohen; residence, 620 Fort Washington Avenue, New York, N.Y. I am president and general manager of Periodical Distributors of Greater New York, Inc.

The CHAIRMAN. You have counsel.

Mr. Counsel, identify yourself for the record, please.

Mr. STERN. My name is Robert D. Stern. I am associated with the law firm of Fink, Weinberger, Levin & Gottschalk, New York City.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Cohen, you are president of Periodical Distributors of Greater New York. What do you distribute?

Mr. COHEN. Magazines.

Mr. KENNEDY. In Manhattan, Queens, Nassau, and Suffolk County?

Mr. COHEN. That is right.

Mr. KENNEDY. You are in competition with Manhattan News in Manhattan, Pacific News in Queens, and Bi-County News on Long Island; is that right?

Mr. COHEN. No. Essentially correct, with the exception that we do not touch upon the territory to any extent of Pacific News Co., that Pacific News Co. does.

Mr. KENNEDY. What is your gross business?

Mr. COHEN. In 1958, approximately \$780,000 per year.

Mr. KENNEDY. What kind of newspapers do you handle?

Mr. COHEN. Essentially magazines.

Mr. KENNEDY. The wholesale magazine group is in a loosely knit organization; is that correct?

Mr. COHEN. As far as I know.

Mr. KENNEDY. The wholesale magazine group, the wholesalers?

Mr. COHEN. I do not know that it is an association. It is just my idea that it is a loosely knit group of wholesalers.

Mr. KENNEDY. But they did get together to negotiate a contract, did they not?

Mr. COHEN. So I understand.

Mr. KENNEDY. The Manhattan News, Bronx County News, Bi-County News, Pacific News, Selgin News?

Mr. COHEN. Essentially; yes.

Mr. KENNEDY. This group joins together to negotiate a contract with the union?

Mr. COHEN. Yes.

Mr. KENNEDY. Have you made efforts to join the group?

Mr. COHEN. I have.

Mr. KENNEDY. Have you been prevented from joining the group?

Mr. COHEN. Well, I have not joined it.

Mr. KENNEDY. They will not take you into the group; is that correct?

Mr. COHEN. According to their attorney, we are not welcome.

Mr. KENNEDY. Is it correct that this group has a better contract with the union than you do?

Mr. COHEN. Yes, they do.

The CHAIRMAN. According to whom you are not welcome?

Mr. COHEN. Mr. Korkus is the attorney for this group. I was in touch with him and asked him if he didn't think it would be advantageous for both of us for periodical distributors to lend their weight to their group inasmuch as we hire union men the same as they do, that we should join with them in negotiating with the Newspaper & Mail Deliverers Union.

He thought this over for a couple of days and called me back and told me that he was too busy to handle our affairs; he could not take us on as a client.

The CHAIRMAN. Is that the relationship; that you would be a client of his?

Mr. COHEN. This is the way he explained it to me.

The CHAIRMAN. Did you know what you wanted to do, whether you wanted to become his client or whether you wanted to join an association?

Mr. COHEN. I wanted to join this association, if it was an association. At least I wanted to bargain collectively with this group.

The CHAIRMAN. I understand now your problem is that since you are not in that group, you have a more disadvantageous contract than they have. They have a more advantageous contract with the union than you do; is that right?

Mr. COHEN. That is correct.

The CHAIRMAN. So that your idea was if you could get in with that group you would get the same terms, and so forth, that they had?

Mr. COHEN. That is exactly what I wanted, to be able to compete with this other group, by paying the same wages and have the same working conditions for my men.

Mr. KENNEDY. In what way is the contract different?

Mr. COHEN. Well, part of the contract that we have with this union calls for a Newspaper & Mail Deliverers Union to be the bargaining agent for our return department. Our return department is all magazine return department, consists mostly of menial work and certainly not calling for the scale of pay that a driver, or newspaper deliverer, or magazine driver should receive.

If we have to pay this very high scale of pay, we certainly are at a disadvantage.

Mr. KENNEDY. They don't have to pay that?

Mr. COHEN. That is correct.

Mr. KENNEDY. You are the only one that has to make those payments?

Mr. COHEN. As far as I know we are the only magazine distributor in New York City that has this in the contract.

Mr. KENNEDY. There are others outside of New York City which operate under different circumstances that have this kind of an arrangement, but you are the only one in the New York City area that must make these extra payments?

Mr. COHEN. Generally speaking, the distributors outside of New York City that do business with an MDU, are also newspaper distributors so their circumstances are quite different than mine, which is strictly a magazine distributor.

Mr. KENNEDY. You are the only solely magazine distributor that must make these extra payments?

Mr. COHEN. As far as I know.

Mr. KENNEDY. When you say as far as you know, you would know, wouldn't you?

Mr. COHEN. I really don't know, because they probably have contracts with 50 or 60 news companies, but as far as New York City is concerned I do know.

Mr. KENNEDY. What is that?

Mr. COHEN. I do know as far as New York City is concerned.

Mr. KENNEDY. Well, in New York City, then, you are the only one?

Mr. COHEN. Yes.

Mr. KENNEDY. And you know of no other even outside of New York City that has to make this extra payment?

Mr. COHEN. That is correct.

Mr. KENNEDY. Now, you also had some difficulty in connection with La Guardia Field in the selling of magazines there?

Mr. COHEN. Well, we have been banned from selling to the Union News stands in La Guardia Field. They refused to do business with my company.

Mr. KENNEDY. What was the reason for that?

Mr. COHEN. I don't know.

Mr. KENNEDY. That is the Union News stand, which was operated by Mr. Garfinkle?

Mr. COHEN. I believe he is president. I know he is president of the American News Co., which controls Union News.

Mr. KENNEDY. And they operate the La Guardia newsstands; is that right?

Mr. COHEN. That is correct.

Mr. KENNEDY. And he made a rule that they would not accept magazines from you?

Mr. COHEN. That is right.

Mr. KENNEDY. Does his family control the Manhattan News, which is a competitor of yours?

Mr. COHEN. Well, I heard testimony in this room to that effect, and I didn't know definitely. It has always been my understanding that that is so.

Mr. KENNEDY. And we had some testimony to that effect, Mr. Chairman, and the representative of that company appeared before the committee and took the fifth amendment.

While you were banned, were you responsible for distributing such magazines as Time, Reader's Digest, U.S. News & World Report, McCall's, and other magazines to La Guardia?

Mr. COHEN. This is within the geographical territory, contractual territory that I have signed a contract for, or I had signed a contract.

Mr. KENNEDY. Did that mean for a period of time that La Guardia Field did not have any of those magazines?

Mr. COHEN. I think it was an 11-week period.

Mr. KENNEDY. They didn't get any?

Mr. COHEN. That is correct.

Mr. KENNEDY. Because he was trying to insist that they use another company, is that correct, Mr. Garfinkle?

Mr. COHEN. Well, the word that came out was that they thought it was economically inadvisable to do business with more than one news company. This was the reason given to us.

Mr. KENNEDY. Did you understand that Mr. Bitz stated or it was related to you that Mr. Bitz indicated that he could straighten the matter out at La Guardia?

Mr. COHEN. I know nothing about this.

Mr. KENNEDY. You never hear of Mr. Bitz' intervention at all?

Mr. COHEN. No, I did not.

Mr. KENNEDY. Did you know of Mr. Spozate of Pacific News?

Mr. COHEN. I know him.

Mr. KENNEDY. Did he intervene there in this matter at all?

Mr. COHEN. Well, I believe, or I assumed he did, because his company eventually wound up distributing the magazines in La Guardia.

Mr. KENNEDY. Did you know how that came about?

Mr. COHEN. No, I do not.

Mr. KENNEDY. He is the one, Mr. Chairman, who has disappeared for 2 months, and we have not been able to find him, and his partner appeared before the committee and refused to tell us where he was and refused also on the ground of self-incrimination to say whether he had been making payments to any union official.

So ultimately, it was worked out so that this company received the franchise; is that right?

Mr. COHEN. More or less, yes, and my contract was abrogated.

Mr. KENNEDY. You were forced out?

Mr. COHEN. That is correct.

Mr. KENNEDY. So you no longer distribute out there?

Mr. COHEN. I never did distribute there, and I never had the opportunity to.

Mr. KENNEDY. Isn't it correct that you are not permitted to distribute to some 19 union newsstands on Long Island?

Mr. COHEN. Yes, that is correct.

Mr. KENNEDY. And these are supplied by Bi-County?

Mr. COHEN. For the magazines that Bi-County distributes, and the magazines that I hold the franchise for are not being distributed on these newsstands are not being sold on these newsstands.

Mr. KENNEDY. Are Time and Life distributed out there in these other magazines?

Mr. COHEN. Not to the Union News stands.

Mr. KENNEDY. So because of the pressure that had been placed by Mr. Garfinkle, who has ownership of this company and this relationship with these other individuals, there were a number of newsstands in New York, out on Long Island, quite a large number that did not get magazines such as Time, Life, U.S. News & World Report, and Reader's Digest. For a period of 11 weeks in La Guardia Field because of this pressure these newsstands there did not receive these magazines; is that correct?

Mr. COHEN. That is correct.

Mr. KENNEDY. As I say, Mr. Chairman, it is Mr. Garfinkle's own company, representatives have appeared before the committee and take the fifth amendment, and that is the control that this group has in the New York City area.

The CHAIRMAN. Are there any questions, Senator Ervin?

Senator ERVIN. I have no questions.

The CHAIRMAN. Is there anything else?

All right. Thank you very much.

The committee will be in recess for 5 minutes.

(A brief recess was taken.)

The CHAIRMAN. I understand the last witness concludes the testimony that we expected to hear at this time with respect to this newspaper problem that we have been investigating.

The Chair hasn't time, or the staff either, to prepare a closing statement for that phase of the investigation.

I have asked the staff to prepare a brief statement that I may use tomorrow summarizing what the testimony that we have heard in that area of our inquiry is. I will probably have it ready for release in the morning when we resume hearings.

(Whereupon, at 3:30 p.m., the select committee recessed, to reconvene at 10:30 a.m., Friday, May 8, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, MAY 8, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; P. Kenneth O'Donnell, administrative assistant; Paul J. Tierney, assistant counsel; George M. Kopecky, assistant counsel; Walter R. May, assistant counsel; Walter J. Sheridan, investigator; Robert J. Cofini, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee at the convening of the session were Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, I want to get straight for the record as far as the Neo-Gravure Co. is concerned, that they have some 9 or 10 unions up there, and we did not have any information on any of them adversely, any adverse information on any of them, other than the ILA local, and the testimony that we had in connection with that.

I want to make sure that the record is clear as far as that is concerned.

The CHAIRMAN. I just received a wire. I do not know how important it is, but certainly it is not the purpose of the committee at any time to reflect upon someone who is innocent or who is in no way connected. Sometimes where there are all these ramifications with reference to unions, different unions, all related in a particular work or plant or operation, the wrong impression gets abroad as to some of them that may be wholly innocent.

I received a wire this morning from some attorneys in New York. It says:

Our client, Local No. 2, New York Newspaper Printing Pressmen's Union, were members as employees of Neo-Gravure, in New York City, concerning recent committee revelations appreciate positive statement by your committee and Neo-Gravure that Local 2 or its officers never involved in practices disclosed.

Mr. Counsel, do we have anything that would reflect upon local 2 or any of its officers?

Mr. KENNEDY. We do not, Mr. Chairman. We do not have anything of a critical nature, adverse testimony or adverse information, in the files reflecting on local No. 2.

The CHAIRMAN. All right.

That statement has now been made and, therefore, no reflection should be entertained as against that union and its officers.

Mr. KENNEDY. Also, Mr. Chairman, in that connection could I thank publicly the district attorney's office, Mr. Frank Hogan, for being of great assistance in that investigation, and also the Waterfront Commission, which was of great help.

The CHAIRMAN. I know Mr. Hogan has cooperated with this committee from its inception. At all times he has cooperated. I believe that is true with respect to the Waterfront Commission.

We will give them credit as we go along, those who work with us and cooperate with us. We may not get along to all of them. We will try to remember them and do appreciate, whether we mention their names or not, those who cooperate with the committee and particularly the law enforcement officers who follow up on these things that we may bring out here at these hearings, and who, therefore, pursue them and try to see that justice overtakes those who have been guilty of violating the law.

The hearing completed this week into the newspaper and magazine industry in New York has revealed the alarming degree to which racketeers have entrenched themselves in the economic structure of the Nation's largest city.

Probably no hearing held by this committee has been as significant in pointing out the present racketeer threat to our free economic system. It is an appalling thing when racketeers can successfully exact tribute from newspapers like the New York Times, the New York Journal American and the New York Mirror and a major publishing firm like the Neo-Gravure Printing Co.

In a country where freedom of the press is a cornerstone of our basic liberties, we find racketeers able to do what no government authority would conceive of doing. We find racketeers able to shut off the supply of news to the public and we find these nationally known publications compelled to make payments to assure the delivery of their newspapers.

The revelations in this hearing clearly indicate that the time has come for Congress to seriously consider the enactment of special anti-trust legislation in the transportation field. I have instructed the staff to prepare legislative recommendations in this field which would then be referred to the Judiciary Committee for further consideration. It is obvious to the whole country that the labor unions themselves cannot handle the critical problem of racketeering. In this hearing, 17 of 19 officials of the New York Newspaper & Mail Deliverers' Union took refuge behind the fifth amendment. This union is independent of the AFL-CIO, which, therefore, has no control over them. The same can be true of the principals involved in the shake-down of the New York newspapers, Harold Gross and Connie Noonan, who respectively are officials of the International Brotherhood of Teamsters and the International Longshoremen's Associa-

tion, both of which are operating outside the AFL-CIO. The present alliance of top officials of the Teamsters Union with the underworld has gained the proportions where the amassing of any further power by that union with equally corrupt unions like the ILA or leftwinged unions like the International Longshoremen's and Warehousemen's Union on the west coast would be calamitous for the Nation.

During this case we also had the unfortunate spectacle of representatives of 12 wholesaling companies of the newspaper and magazine industry in New York pleading the fifth amendment, concerning bribery and extortion. It would appear to the committee that the newspapers and magazines in the New York area should take some steps to eliminate having to do business with persons of this ilk. It would also appear that the Congress or State bodies should provide some regress where gangsters operating under the guise of union officers can, through the simple expedient of halting deliveries, put a small firm out of business or extort tribute from a larger company.

The committee is particularly gratified by the attitude of the New York Times and the Neo-Gravure Printing Co. in their testimony before the committee. The representatives of these two companies have indicated that they understand the gravity of the problem and, by forthrightly telling the circumstances under which they were shaken down, have displayed a sense of public duty and responsibility which is, unfortunately, not always as evident in other segments of the business community.

(Whereupon, at 10:35 a.m., the committee recessed, subject to the call of the Chair.)

APPENDIX

EXHIBIT 1

UNION PICKET SIGNS *versus* NEWSDAY'S SHOTGUNS

Neighbors and Fellow Citizens:

We are your neighbors of Nassau and Suffolk Counties, who deliver your papers day and night in any and every weather, and here are the facts on Newsday.

Going back to 1941, when Newsday was born, it was the deliverers of the Newspaper and Mail Deliverers' Union who won Newsday recognition on the National and got it into the hands of the readers. Seventeen years later, Newsday deliverers had expanded with the growth of Nassau and Suffolk Counties.

Our employer wholesaler, the Rockaway News Supply Co., Inc., which paid us for our employment at Newsday, became insolvent and lost the delivery franchise which kept it in business. We feel very strongly that the work at Newsday belongs to us because of our long service delivering Newsday and for the protection of our standards and working conditions. We asked our Union to negotiate directly for us with Newsday who, for reasons of their own, only want to do business with John Sosenko. His company gives a trigger, vacation pay, pension and welfare benefits. We want strong union. We do not intend to be strung again.

Why should Newsday try to force us to work for an employer who has deprived our families of welfare benefits (sick benefits). Money was deducted from our wages to be put into a fund so that, if we, the wage earners, or our wives or children got sick, we can have bread on the table or money to pay the hospital bill. Sosenko's Rockaway News Supply Co. used this money for themselves.

Money from our wages is also deducted and is supposed to be put aside so that we can enjoy a vacation with our families. This year we will have to tell our families that they cannot enjoy a vacation because Sosenko's Rockaway News Supply Co. used this money for their own selfish purpose.

We feel very strongly that we shall not and will not work for any employer whom Newsday wishes to choose as a successor to Rockaway News Supply Co.

We ask Newsday to continue to negotiate with our Union, the Newspaper and Mail Deliverers' Union, and to use its influence against forcing employers who deprive us of wages, security, welfare, pension and vacation benefits in excess of \$135,000, instead of standing against our pickets.

NEWSPAPER AND MAIL DELIVERERS' UNION
OF NEW YORK AND VICINITY
25 Ave. Street, New York City

EXHIBIT 11

Respectfully submitted to the President of the

Under pub. relation for many times of the -
Constitution

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EXHIBIT 14A

November 11, 1958

Mr. George H. Bender, Chairman
Anti-Racketeering Commission
595 Esso Standard Oil Building
261 Constitution Ave., N. W.
Washington, D. C.

Dear Sir:

There are no cases of racketeering or gangster alliances
in this Local Union.

We will give you full cooperation on any investigation
of this Local Union.

Very truly yours,

BERNARD DEROW, Sec'y-Treas.
Local Union 320

BD/mw
oeiu 128

EXHIBIT 14B

GEORGE H. BENDER

505 ESSO STANDARD OIL BUILDING

Sterling 3-3295

261 CONSTITUTION AVENUE, N.W. • WASHINGTON, D. C.

December 4, 1956

Mr. Bennett Der -
Secretary-Treasurer
Local Union 12
141 1/2 1/2 Street
Miami Beach 12, Florida

Dear Mr. Derow:


Your letter of recent date in response to mine
of October 24th has been received.

The fine report you give of your organization is
most gratifying to the Commission. The officials and members
of your Local are to be commended upon it.

Thank you sincerely for your fine spirit of co-ope-
ration.

With kindest regards and best wishes, I am

Cordially yours,


GEORGE H. BENDER

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